The NATIONAL UNDERWRITER

Life Insurance Edition

Leo J. Fox

I sold $846,000 in January

Fond du Lac, Wisconsin
February 1, 1955

Mr. Chas. E. Becker, President
Franklin Life Insurance Company
Springfield, Illinois

Dear Mr. Becker:

January has again been one of my record months of personal production with a total volume of $846,000. I would like to emphasize that $831,000 of this production was PPIP and $15,000 JISP. In other words, the entire amount was written on our exclusive Insured Savings Plans.

This may seem like a tremendous volume for one month. However, it would not have been possible were it not for our famous exclusive Insured Savings Contracts, which have an outstanding appeal to the buying public. I find that our exclusive plans are especially attractive because of their flexibility to provide for any emergencies that may arise before actual maturity dates.

Since joining the Wisconsin Division of our great Company I have had other exciting months. The records show the following:

September 1951	Volume $168,250
October 1952	Volume $943,000
September 1953	Volume $256,000
January 1954	Volume $512,500
January 1955	Volume $846,000

The records will also show that in all these sales listed above there has been no group, term, salary savings, or pension trusts. Each case is on an individual life paid for on an annual basis—and a substantial amount prepaid several years; in some cases paid in full.

I am especially proud of my persistency, which was 100% in 1952 and 99% in 1953 and 1954, which indicates again the real value placed upon our Franklin exclusive contracts by our clients.

It certainly has been my good fortune to become associated with the Friendly Franklin—a Company whose merchandise has enabled me to make friends out of my clients.

Sincerely,

Leo J. Fox, Associate General Agent

The Friendly
FRANKLIN LIFE INSURANCE COMPANY
CHAS. E. BECKER, PRESIDENT — SPRINGFIELD, ILLINOIS
DISTINGUISHED SERVICE SINCE 1884
The largest legal reserve stock life insurance company in the U.S. devoted exclusively to the underwriting of Ordinary and Annuity plans
Nearly One Billion Eight Hundred Million Dollars of Insurance in Force

FRIDAY, APRIL 1, 1955

THE NATIONAL UNDERWRITER, Life Insurance Edition. Published weekly by the National Underwriter Company, Office of Publication, 175 W. Jackson Blvd., Chicago, Ill., U. S. A. 59th year, No. 13, Friday, April 1, 1955. $7 per year (3 years, $18); Canada, $8 per year (3 years, $21); Foreign, $8.50 per year (3 years, $22.50). 30 cents per copy. Entered as second class matter June 9, 1900, at the post office at Chicago, Ill., under the Act of March 3, 1879.

The NATIONAL UNDERWRITER

59th Year, No. 13
April 1, 1955

The National Weekly Newspaper of Life Insurance

Actuaries Ponder Problems Posed by 'Special' Policies

Electronic Computers Also in Spotlight at Eastern Gathering of the Society

NEW YORK—The currently popular subject of "special" policies with lower gross premium rates depending in part at least on fairly high minimum amounts got considerable attention at the eastern spring meeting of the Society of Actuaries held here.

Opening the discussion on expense in relation to size of policy, J. A. Campbell, London Life, said his company had introduced a new scale of premium rates in 1955 involving a grading of premiums by amount groups. The highest amount group is $10,000 and over, the second is $5,000-$9,999 and the third is $2,000-$2,999. There are also graded premiums for the exact amounts of $1,500, $1,000 and $500.

The company's first preferred policy was issued in 1922 on a whole life plan with a minimum amount of $5,000 with a corresponding standard policy on the endowment at 85 plan, a plan difference which seemed to be required because of the then existing laws. An investigation of several years' expense experience enabled the company to ascertain the expenses which varied directly with the number of policies and in the new series of rates a premium differential of 50 cents per $1,000 between a $10,000 and $5,000; $1.75 per $1,000 between $10,000 and $2,000; and $3.50 per $1,000 between $10,000 and $1,000 has been adopted.

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Mr. Campbell pointed out the desirability of calculating the premiums on the basis of the minimum amount in the series because of the high proportion of policies written for the minimum amount. Mr. Campbell felt that a policy fee system whereby per policy expenses are assessed to the individual policyholder would not be practical.

E. G. Fassel, Northwestern Mutual, said that "size has been recognized in business transactions from time immemorial" and it is surprising that the life insurance industry has been so long in recognizing it. Mr. Fassel said that there are two methods of assessing per policy expenses according to size. He felt that the policy fee method has drawbacks and he preferred the "British system" or "quantity discount" where the premium per $1,000 decreases as the policy size increases. Such a method has been used by many British and European companies for many years.

J. T. Phillips, New York Life, expressed some surprise at the apparent sudden interest in the subject because for many years companies have been issuing special policies with varying minimum amounts to allocate more equitably per-policy expenses. While it has been said that such policies dis-

(CONTINUED ON PAGE 16)

Must Show Data on Terminal Dividends, A&H Claims Resisted

NEW YORK—The blanks committee of the National Assn. of Insurance Commissioners at its meeting here voted to require companies to show the amount apportioned for termination dividends in the ensuing year, to disclose the amount of A&H claims resisted or rejected in each state, and to give a breakdown of credit insurance that will reveal the amount of commissions paid and rate reductions or dividends.

It is expected that the figures on termination dividends will show up the relative importance of these payments and supply information of interest to the champions and the opponents of terminal dividends, permitting the substitution of facts for opinions in this highly controversial situation.

The data on A&H claims resisted and rejected will also include those "otherwise disposed of." It is not clear whether the latter category includes those compromised at a lower figure than the policyholder's claim. Also to be shown is the amount of all claims paid in the state in which more than a return of premium was made.

The special credit insurance exhibit, which will not have to be filed until May 1 of each year, asks for information on credit life and A&H, including premiums, incurred losses, commissions, general expenses, taxes, and net gain from operation on this class of business, dividends or rate credits. Separate data will be required for group and individual plans. The latter will be further subdivided into level and decreasing amount forms.

It was voted to take out of the main liability page the entry showing the expense of investigating and settling claims, since the amount is extremely small. The information will still be available in one of the exhibits. It was also decided to eliminate the requirement for entering the total amount of salaries paid between $5,000 and $10,000. Salaries of $10,000 or more must

(CONTINUED ON PAGE 19)

Variable Annuities, Ads Stressing Cost Decried by Kalmbach

President Leland J. Kalmbach of Massachusetts Mutual told the company's general agents meeting in Hot Springs, Va., he is opposed to advertising which indicates a company or policy will provide a "bargain" and he is against selling policies to a particular class whose benefits would be affected directly by fluctuations in stock prices and dividends.

Life advertising which emphasizes comparative net costs ignores the importance of having a buyer obtain advice from an experienced agent, he said. Cost advertising normally compares costs without taking performance into consideration. Healthy competition based on quality of contract, efficiency of service and soundness of management is in the public interest, he said.

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A company cannot expect its agents to sell individual variable annuities, involving sales appeal based on the assumption of a gradual decrease in value of the dollar, without a resulting adverse effect in their attitude toward the sale of life insurance based on the fixed dollar guarantee concept. This concept is the solid foundation upon which the business has been built.

Mr. Kalmbach said investment practices should be conservative, but pointed out that the company's competitive position will be determined by the net rate of return on invested assets.

An increased volume of business is the most effective way of reducing unit costs to maintain a satisfactory net cost position in the competitive selling situation. The company wants to expand so it can gain the resulting financial advantages, he said.

Mr. Kalmbach announced that the change provision in life and endowment policies is being modified to require, with respect to original age changes made within the first 10 pol-

(CONTINUED ON PAGE 19)

Seek Reversal of Decision Imposing Double Liability

U. S. Appeals-Court Ruling in Bankruptcy Case Would Delay Claim, Loan Payments

WASHINGTON—Every possible effort is being made to get the Supreme Court to reverse a U. S. court of appeals decision that would force life companies to delay their normally prompt issuance of policy-loan and proceeds checks if any substantial amount were involved, except possibly in states having creditor exemption statutes.

The decision, handed down by the fourth circuit court of appeals in Lake vs. New York Life et al., involving a policy loan made to a bankrupt, held the company also liable for the full amount to the trustee in bankruptcy, even though the company had no reason to believe the policyholder was bankrupt. If upheld, the decision would mean that no life company could safely send out a policy-loan check without takng the time and incurring the expense of making sure the policyholder was not a bankrupt. The same precautions would be necessary in paying death claims.

Through Attorneys H. W. Gans and G. C. A. Anderson of Baltimore the companies involved have petitioned the Supreme Court for writ of certiorari. John V. Bloys, assistant general counsel of Life Insurance Assn. of America, has filed an *amicus curiae* brief on behalf of that organization. Besides New York Life the companies involved are Reliance Life (since purchased by Lincoln National), Equitable Society, John Hancock, and Union Central.

A total of some $45,000 in loan values is involved. The money was borrowed by the policyholder, Eugene Callis, of Philidelphia and Centreville, Md. There was a dispute over whether his legal residence was in Pennsylvania, which has a creditor exemption statute, or in Maryland, which has none. The referee held it to be Maryland.

The 1921 decision of the U. S. Supreme Court in Frederick vs. Fidelity Mutual Life held that the bankruptcy act could not be construed to require a life company to pay the amount of the cash surrender value of the policy as of the date of the policyholder's being adjudicated as a bankrupt after it had, in good faith, and in ignorance of the insured's adjudication as a bankrupt, paid the beneficiary the face amount of the policy where the insured died after being adjudged a bankrupt. The court held the trustee had no rights to the cash surrender value until the insurer had notice of the bankruptcy proceeding.

However, the court of appeals in reversing the trial court in the Lake case held that the Chandler act

(CONTINUED ON PAGE 19)

Late News Bulletins . . .

N. J. Variable-Annuity Bill Broadened

The variable annuity bill sought by Prudential and now pending in the New Jersey legislature has been broadened to permit domestic stock companies to write variable annuities. The original bill covered only domestic mutual companies.

Murchison Buys Midland National of S. D.

Midland National Life of Watertown, S. D., has accepted the offer of C. W. Murchison to purchase controlling interest in the company. Subject to FCC approval, because of the company's ownership of radio station KWAT, the Texas oil millionaire will own or control approximately 38,000 of the 50,000 shares of stock which have been issued by Midland. On behalf of Murchison an offer to purchase the remainder of stock was mailed last week.

A voting agreement, involving a majority of the stock, has been arranged for the reasonable assurance that Midland's headquarters will remain in Watertown for a minimum of 10 years. The agreement gives the trustees, who

(CONTINUED ON PAGE 20)

Mutual Benefit GAs Hear Officers, Panels at Annual in Fla.

The new internal revenue code is a valuable asset to the life insurance agent for establishing a rationale for taxation, John J. Magovern Jr., vice-president and counsel, told the annual meeting of Mutual Benefit Life's General Agents Assn. at Belleair, Fla.

But there isn't any clever sales device in it, he pointed out.

Speaking of deflation, Milford A. Vieser, financial vice-president, said "there is nothing that indicates the country will disintegrate into a spiral of deflation."

H. Bruce Palmer, president, stated his belief that convictions about one's company are a merchandisable and saleable element.

William F. Ward, vice-president, addressed the agents on company underwriting.

Alfred J. Lewallen, Miami general agent, was elected president of the association; M. James Houlihan, Saginaw general agent, was named vice-president; and Hollis L. Woods was elected secretary and a director. Other directors are Benjamin D. Salinger, New York City, and Hal W. Dale of Jackson, Miss.

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The internal revenue code has established some very specific guideposts which were not previously available, Mr. Magovern said. The question of just what would constitute an indirect payment of premiums has been resolved by the abolishment of that test for taxation. The difficulties of determining whether the transfer of a policy comes within the "transfer for value" rule or whether it is exempted as part of a corporate organization or a tax-free reorganization have been replaced by a simple rule of exemption. The imponderables which accompanied the transfer of insurance to a minor have been clarified by specific requirements. The use of stock redemption plans to pay death taxes and administration expenses has been enlarged. The confusion which existed with respect to the taxability of exchanges of insurance policies and annuity contracts has been settled by categorical definitions and the specific three-year limitation on transfers in contemplation of death has been continued.

He also discussed some of the code provisions which are either misunderstood or are being made difficult because of the failure of some persons to look at the basic principles of law. Among these he listed the elimination of the premium payment test in determining the taxability of life insurance in the estate of a decedent.

But, he warned, agents must not forget that a tax law is designed to impose taxes, not to eliminate taxation. There is no clever sales device in the code, but one who looks to it for guidance in the planning of life insurance needs will find it a great sales assistant, he said.

Discussing the economic situation in the nation and in the company, Mr. Vieser said that there will be no deflation spiral. Many new philosophies have developed to level off the peaks of boom and speculation and fill in the valleys of recession, he said. He told the general agents that last year was one of great change in the financial phases of the company's operation. Resources reached $1,559,000,000 to set an all-time high, holdings of government bonds dropped from 16% to 10% of assets under the policy of reducing government securities in favor of mortgage loans and more profitable issues of private enterprise.

One of the greatest merchandising factors of the American economy is a strong, affirmative conviction about industry and especially about one's own company product, Mr. Palmer said.

In life insurance one sells ideas and ideals, and the agent who is best able to merchandise them is the one who

(CONTINUED ON PAGE 19)

H. Bruce Palmer, president of Mutual Benefit Life, left, presents the president's trophy to Paul L. Guibord, general agent at Newark, in recognition of the outstanding building job he has done in bringing the agency into the top 10 of the company in only two years. The award was made at the final banquet of the general agents association meeting at Belleair, Fla.

Eklund GAMC Director, New Title for Jackson

The board of directors of the General Agents & Managers Conference of National Assn. of Life Underwriters at its midyear meeting in Columbus, O., elected Coy G. Eklund, Equitable Society, Detroit as a director until the annual meeting to succeed Carl Ernst, who left managerial ranks to go to the North American Life & Casualty home office. Mr. Eklund, a CLU, has made an outstanding agency-building record.

The board also advanced Lawrence W. Jackson from executive assistant at headquarters to executive director. Mr. Jackson, who has been responsible for GAMC activities at NALU headquarters ever since the conference's inception, was for some years executive secretary of the Pennsylvania association and before that was a field man.

The GAMC directors appointed a special committee to make a study of the advisability of formulating an organized program for insuring the increased standard of living enjoyed by persons in the $4,000-$6,000 income group. Judd Benson, Union Central, Cincinnati, is chairman, other members being Walter Gastil, Connecticut General, Los Angeles, and Martin Guon, Metropolitan, Chicago.

Program for A&H Agents Meeting at San Antonio Ready

The completed program for the annual convention of the International Assn. of A. & H. Underwriters is being mailed out to members. The meeting will be June 12-15 at San Antonio.

The board of directors will meet June 12 and that evening there will be a get-together party in the Gunther hotel.

The next morning, after registration, President L. A. McKinnon of Flint will open the meeting. The welcoming address will be delivered by S. E. McCreless, president of American Hospital & Life, and there will be a talk by Joe S. Moore, attorney for the Texas board of commissioners.

The keynote address will be given by R. L. McMillon, Business Men's Assurance, Abilene, and at the luncheon the speaker will be Louis Throgmorton, vice-president of Republic National Life.

The International council will meet that afternoon and there will be a report of the managing director, William Coursey, and of the committees and zone chairmen. The nominating committee also will give its report. That evening there will be a chuck-wagon dinner and aquacade at Lone Star Lake.

On June 14 the International council will resume its meeting and there will be further committee reports and reports of local board presidents. At the luncheon the Leading Producers Round Table will take charge, with T. K. Mersereau, Monarch Life, Baltimore, chairman, presiding. That afternoon the speakers will be William Highfield of Insurance Research & Review, Robert Neal, resident counsel at Washington, D. C., for Bureau of A&H Underwriters and H&A Underwriters Conference, and E. H. O'Connor, managing director of Insurance Economics Society.

On the final day there will be a past president's breakfast and a concurrent round-up breakfast for early registrants. At the general session the talks will be given by Micou Browne, vice-president of Occidental Life of Raleigh, N. C., and Lester O. Schriver, managing director of National Assn. of Life Underwriters. The concluding speaker in the afternoon will be Travis T. Wallace, president of Great American Reserve of Dallas, who had a similar job when the International had its last Texas convention at Dallas.

The banquet is scheduled for that evening and at that time the Harold R. Gordon Memorial Award will be presented.

Hold Estate Planning Institute

Life Insurance & Trust Council and Vanderbilt University held the annual estate planning institute in the university law library for 200 life agents, lawyers and accountants of Nashville. Dr. William J. Bowe of the Vanderbilt faculty was in charge of the one-day program and his book, *Tax Planning for Estates,* was the text.

OTHERS PROMOTED

Burnett, Gose Made Executive V-Ps of Pacific Mutual Life

Named executive vice-presidents of Pacific Mutual Life are T. S. Burnett, formerly financial vice-president, and George B. Gose, who has been vice-president and general counsel.

Mr. Burnett has been with Pacific Mutual since 1928 and has moved steadily upward through the investment side of the business. He has been a vice-president since 1948.

Mr. Gose joined the company in 1942, has been general counsel since 1948 and vice-president since 1950.

In addition, Henry H. Childress was advanced from counsel to general counsel, Darwin S. Leggett from group secretary to assistant vice-president of the group department, Neil B. Ross and James C. Camplin from assistant counsel to associate counsel, Robert C. Tookey from assistant actuary to associate actuary, Joseph Stall from assistant secretary to secretary of the group department. Mr. Ross also is a secretary of the company.

Joseph F. Tudor was named an assistant superintendent of agencies, with specific responsibility for the agency management development program. He joined the company in 1947 as an agent at Los Angeles and most recently served as assistant general agent at San Francisco. Alfred E. Loveland, formerly supervisor at Los Angeles, has been added to the home office agency department staff as supervisor of agency training. He joined the company in 1951.

New York Life Promotes Three in Group Sales

New York Life has appointed Arthur J. McCullough director of group sales administration, Loyd S. Wise and V. Paul Ricken as director and assistant director, respectively, of group sales development.

Mr. McCullough, who joined New York Life in 1928, has been assistant superintendent of the surrender value division, assistant manager of group issue and records and manager of group sales administration. Mr. Wise started with the company as district group supervisor in Buffalo in 1951 and was in charge of group creditor sales in 1954. Mr. Ricken joined the company as assistant district group supervisor in San Francisco.

Voigts Resigns as Agency Chief for Lutheran Mutual

Bill Voigts has resigned as director of agencies for Lutheran Mutual Life. At the request of the board of directors Mr. Voigts agreed to remain with the company in the agency department.

Until a successor is named Mr. Voigts will continue as head of the agency department. He went with the company in that position in 1947, and since then the amount of insurance in force has more than doubled.

Figures from Life Companies' Year-End Statements Shown

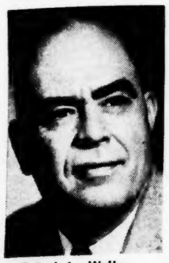
	Total Assets $	Increase in Assets $	Surplus to Policy holders $	New Bus. 1954 $	Ins. in Force Dec. 31, 1954 $	Increase In. Ins. in Force $	Prem. Income 1954 $	Benefits Paid 1954 $	Total Disburs. 1954 $
Conn. Savings Bank Life ..	3,547,836	605,642	337,482	3,616,451	25,759,681	2,962,320	762,197	248,088	757,746
Liberty National Life	164,188,408	20,560,965	16,465,362	188,117,023[1]	948,533,971	68,593,935	38,420,132	8,816,510	40,043,075
Mich. Farm Bureau Life	1,914,110	711,937	502,739	13,615,783	41,021,083	11,551,679	1,018,302	142,552	—
New York Life	5,799,677,153	262,889,869	434,446,129	1,836,915,892	13,638,248,627	1,221,910,163	441,297,292	319,372,364	701,908,606
Southern States Life	10,458,983	874,644	2,372,843	15,684,092	56,262,593	4,479,965	3,015,076	1,365,111	2,925,802

The new business figures exclude revivals and increases except as follows: [1], $30,235,457.

Calm and Harmony Prevail at NALU Midyear Meeting

Progress on New Office Building Is Main Feature of Rally at Columbus

The midyear meeting of National Assn. of Life Underwriters last week at Columbus, O., was one of the quietest and most harmonious on record. The big feature, of course, was the exhibition of the architect's sketch of the projected NALU headquarters building in Washington and the announcement that the board of trustees had authorized the expenditure of the necessary funds to construct this imposing edifice.



Robert L. Walker

It was a smooth, well-ordered gathering over which President Robert L. Walker presided. Building Committee Chairman Charles E. Cleeton, Occidental of California, past president of NALU, stirred the imaginations of his listeners as he exhibited the architects' sketch and told what a fine home NALU will have. He pictured the building as a unifying force in NALU and one that would bring about a new spirit within the association.

The color slides which he exhibited, and which he took last fall at the building site at 22nd and C streets N.W., gave his audience a feeling of having been at the location. The pictures showed the site as an extremely attractive one, with the Lincoln Memorial only a couple of blocks away.

Mr. Cleeton explained the entire project so comprehensively that the national council members had no questions about any feature of the building project. Their applause indicated a feeling of satisfaction at what is being done.

Next in order of importance to the headquarters building was doubtless the trustees' adoption in principle of the comprehensive management survey report made by Swanson & Dalzell, management and public relations consultants, of New York City. Highlights of this were reported in last week's issue.

NALU has outgrown its headquarters staff organizational pattern just as surely as it has outgrown its headquarters space. The headquarters organization has grown to where it is the equivalent of a fair-sized business. This means there has been an increasing need for a setup that will embody accepted modern management and organizational principles.

Since the report calls for creation of a new staff officer, assistant managing director, there is of course great interest in who will be selected. Some well known names were being mentioned in corridor discussions at Columbus but it may be a little while before any selection is made.

In general, the committee meetings reflected the same atmosphere of unruffled calm that prevailed in the national council meeting. One of the livelier meetings was that of the compensation committee, headed by Stanley C. Collins, Metropolitan Life, Buffalo, NALU vice-president.

The committee report took a crack at "special" policies of the type that stress low cost in their advertising. It was particularly critical of low-rate policies achieved in any part by a reduction in the agent's rate of commission.

The committee recommended that the association's position on special policies be one of opposition to reduction of commission rates below those customarily paid for like classes and amounts of business as being unwise, unwarranted and not in the public interest or the general welfare of the life insurance industry. It recom-

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Secretary A. Jack Nussbaum (Massachusetts Mutual, Milwaukee) and M. W. Peterson, Lincoln National, Charlotte, N. C., NALU trustee and a candidate for secretary, chatting at the midyear meeting of NALU in Columbus.

Tone Down Housing Boom, LIA, ALC Urge

The 30-year, no-down payment mortgage loans guaranteed by the veterans' administration are "an open invitation to a boom-bust situation in home building," the life insurance business declared in a statement issued by the joint committee on economic policy of Life Insurance Assn. of America and American Life Convention. The committee is urging prompt action by government and private groups to tone down the boom in housing. Carrol M. Shanks, president of Prudential, is chairman of the committee.

The committee recommended that immediate steps be taken to tighten up on the down-payments and amortization periods for both VA and FHA mortgage loans and that the federal reserve system be given the authority to regulate the terms under which government-insured and guaranteed loans be made.

Walter O. Menge, president of *Lincoln National Life* was elected to the board of American Gas Electric Co.

Program Set for CLU Institute Aug. 1-12

American Society of CLU will conduct its institute Aug. 1-12 at the University of Wisconsin, Madison, around the theme of lifetime and testamentary planning under the new tax code.

Small groups of institute students will devote afternoons to workshop-discussion seminars, investigating subjects in close contact with instructors. This will be a new educational method at the institute.

Dr. S. S. Huebner, president emeritus of American College, will address a general education session.

Faculty members include Catherine B. Cleary, vice-president of First Wisconsin Trust Co. at Milwaukee; Denis B. Maduro, New York City attorney; Charles B. McCaffrey, director of advanced training of Northwestern Mutual Life; and John O. Todd, Chicago agent of Northwestern Mutual Life and president of Pension Service, Inc.

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Paul A. Norton, vice-president of New York Life, is chairman of the institute board, and Leroy G. Steinbeck, managing director of American society, is director of institutes. Associate directors are Earle W. Brailey, New England Mutual, Cleveland, and Charles C. Center, professor of commerce at the University of Wisconsin.

Card Set for Lawyers' Spring Parley May 9-10

A feature of the spring meeting of Assn. of Life Insurance Counsel May 9-10 at White Sulphur Springs, W. Va., will be a symposium on the importance of home office counsel in company planning, policy and leadership conducted by Presidents Powell B. McHaney of General American Life, Dean C. Davis of National Life of Vermont, and Carrol M. Shanks of Prudential. They are honorary members of the association.

Other speakers during the first business session will discuss the extra-territorial effect of state regulatory laws, the internal revenue code, and the negotiable aspects of life policies.

The second business session will be preceded by an informal breakfast and a report on the Washington scene by Claris Adams, executive vice-president and general counsel of American Life Convention.

Other talks will be on direct loans, pension problems and the life insurance law of Wisconsin. In addition, Charles G. Dougherty, 2nd vice-president of Metropolitan Life, will lead a floor discussion on current legal problems. A panel discussion on local and home office counsel will be moderated by William R. Shands, vice-president and general counsel of Life of Virginia.

John Barker Jr., vice-president and general counsel of New England Mutual Life, is president of the association.

R. L. McMillon Elected Head of Texas A&H Assn.

R. L. McMillon, B.M.A., Abilene, was elected president of Texas Assn. of A&H Underwriters at a meeting in Austin. Others elected are John Delaney, American General Life, Houston, and Herman Andrew, B.M.A., San Antonio, vice-presidents, and Leslie A. Gian, B.M.A., Austin, secretary-treasurer.

Emerson Davis, Inter-Ocean, Dallas, reported on legislative matters. Mr. Davis also outlined plans for the new DISC. Charles K. Alexander, Great National Life, Dallas, reported on membership.

Lauds Medical Cooperation

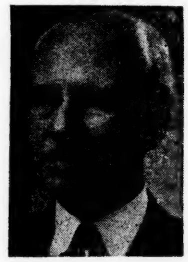
The continuous cooperation by the medical profession has improved the insured mortality of life companies and allowed them to hold the cost of protection to a lower level than otherwise would be possible, Dr. Karl W. Andersen, 2nd vice-president and medical director of Northwestern National Life, writes in *Minnesota Medicine*. His editorial followed criticism, written in the publication by an anonymous physician, that the insurance business is unreasonable in demands upon medical examiners and inept in handling medical correspondents.

J. E. Hedges Wins Speicher Award

J. Edward Hedges, professor of insurance at Indiana University school of business, will receive the first annual Paul Speicher scholarship for tuition and expenses at a CLU institute. A CLU and CPCU, Mr. Hedges is editor of the journal published by American Assn. of University Teachers of Insurance. The scholarship is made available through gifts from friends of the late president of Insurance R&R of Indianapolis.

List Ingredients of Sales Leadership at Hancock Rally

Leadership possesses a sort of radioactivity which sets up a chain reaction that reaches out to everyone within its range and stirs them to accomplish progress and growth, Byron K. Elliott, executive vice-president of John Hancock, said at the President's Club meeting of more than 500 leading producers and district agency managers in Atlantic City.



Byron K. Elliott

Although an agent sells business insurance for a business, he still sells to individuals, said Mr. Elliott. The agent's words must create mental pictures of the personal problems involved to be convincing. A new dimension is added to the vision of the businessman's problems if the agent thinks of him as an individual responsible for the welfare of other individuals.

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William J. Martin of the Grand River district office in Detroit listed hard work, service, prospecting, starting early, quitting late, and talking with enthusiasm as ingredients for success. He was the company's leading district agent in 1954, producing more than $1 million in new business.

Benjamin Ashley, San Diego, the company's leading assistant district manager, said better service to policyholders often results in more prospects, and prospecting is the life blood of the business.

John M. Caffrey, district manager of the Roseland office in Chicago, which won the president's trophy for general excellence, said modern methods and training offer a greater opportunity than ever for young men entering the business.

James F. Penza, manager of the Portland, Me., district office, which won the vice-president's trophy for leading group sales, said sale of a group program often can snowball into sales of individual plans, business insurance and pension plans.

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Patrick J. Enright, district manager at San Diego, said the art of selling sees constant change in technique, approach, service and contracts. His office won the pioneer trophy for outstanding achievement in developing a new territory.

Roger A. Palmer, manager of the east central region, which was cited as leading regional territory, said proper attitude consists of belief in the life business, faith in the company, confidence in the management and ability to get along with associates.

A record 11-week writing of $341,361,285 was presented to President Paul F. Clark by Vice-president Frank B. Maher on behalf of the district agency organization. It exceeded any previous record by $26 million and represented a tribute to Mr. Clark of a $300 million base and $1 million a year for each of his 40 years with the company.

John F. Bridges, district sales manager at the Seattle group office of Prudential, has been promoted to district group sales supervisor there. He joined Prudential in 1948.

Paid Welfare-Fund Broker Million in A&H Commissions

WASHINGTON—President Frederick Russell of Security Mutual Life of Binghamton, N. Y., testified that his company paid more than a million dollars in commissions to Louis B. Saperstein of Newark, former broker for two union welfare funds.

Mr. Russell gave his testimony before the Senate subcommittee, headed by Sen. Douglas of Illinois, which is investigating welfare-fund racketeering.

Mr. Saperstein is under sentence of five years for criminal contempt for refusing to answer questions in an investigation conducted by the New York City district attorney. He later decided to tell the names of men with whom he had had dealings. As a result, an indictment was returned in New York Feb. 15 charging that two racketeers and a union official had received illegal payments from Mr. Saperstein in a kickback racket.

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Mr. Russell told the Douglas subcommittee that the commission payments were made to Mr. Saperstein to meet the competition of other companies seeking welfare-fund business. Sen. Douglas asked Mr. Russell if he thought it "proper" to pay so much money to Mr. Saperstein. He replied that at the time he thought it was and that other companies were willing to pay an equal amount.

Earlier Sen. Douglas said he was "elated with the whole-hearted cooperation of insurance people", as well as representatives of labor and employer interests. He added that they are "making a valuable contribution to the work of the subcommittee in its efforts to obtain complete knowledge of the problems which are present in the welfare field".

Additional hearings were held so the subcommittee could hear welfare plan experience of AFL painters and decorators of the Chicago area, the Cement Masons Institute trust and welfare fund of the cement finishers, local 502 Chicago, United Steel Workers of America, United Auto Workers and American Motors Co.

Bernard Greenberg of the Steelworkers read a statement of David J. McDonald, president of United Steelworkers of America, which set out the agreements between USWA and steel companies and summarized the health, welfare, insurance and pension plans in effect between them.

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Among the USWA witnesses was Murray W. Latimer, actuarial consultant and formerly of the railroad retirement board, who said USWA discontinued contracts with commercial insurers in favor of Blue Cross because of more liberal benefits. It was "extremely difficult" to get full coverage from insurance companies, Mr. Greenberg said.

Sen. Ives, former chairman of the subcommittee, asked for a list of insurers of the steel plans and said he favored full public disclosure of plan operations. He regarded it important that the USWA statement of policy prohibits receipt of any money from insurers or others concerned.

James Robb, director of USWA's district 30, criticized cash indemnity plans as inadequate and said that only when service benefits, ably managed, are achieved, will the union be able to catch up with the increasing costs of medical care.

Slate Raymond Stevens to Head Detroit Group

The nominating committee of Detroit Assn. of A. & H. Underwriters has approved a slate of officers for its 1955 election. Heading the list as the nominee for president is Raymond Stevens, Michigan Life. Others on the slate are Leonard Maender, General American Life, for first vice-president; Will Paull, Detroit Mutual, for second vice-president, and James Cooper, Loyalty group, for secretary-treasurer.

Postal Life Reduces Waiver Rates

Postal Life of New York has adopted new rates for waiver of premium benefit, which generally represent a substantial decrease for most plans and issue ages.

The premium for female applicants is the same as for male. There is no limitation in amount for gainfully employed females. Married females engaged in keeping home with husband and children may have a maximum of $10,000 with waiver of premium benefit.

N. E. Mutual Sells $494 Million for 4th Record Year

New England Mutual issued $494 million of new life in 1954, a 12% gain over the previous year, giving the company its fourth consecutive best year in history.

Total ordinary issue was $424,700,000, of which 10% was on the lives of women. The company issued its first $1 million policy on a single life. Group sales in the company's second year in this field reached $69 million in 1954, bringing the total group in force to $93 million on 28,000 employes under 232 policy contracts.

There were 60,000 new policies issued in 1954, down 3,000 from 1953 when new life issued totaled $441 million. Average size of individual new policies rose from $6,563 in 1953 to $7,113 in 1954.

Total insurance force climbed to $3,988,000,000, 8.5% gain over 1953 total of $3,676,000,000. Assets amounted to $1,571,000,000, up $124 million or 8.6%. This total is exceeded by only 10 other life companies in the U. S.

Payments to policyholders and beneficiaries, including a dividend apportionment of $23.2 million, amounted to $87.5 million in 1954. Thirty-two percent of the total was for death claims, with the 68% balance, or $59.2 million, going to living policyholders.

Gross income for 1954 was $198,500,000, increase $12,700,000 or 6.8%. This excludes $24 million of policy proceeds left on deposit with the company. Premium income rose to $142,700,000, up $7,000,000 or 5%. The $55,800,000 income from interest, dividends and net rents showed a gain of $5,400,000 or 10%. Investment income totaled $56 million, up 10%. Rate of investment rate rose to a gross of 4.09%, compared to 3.99 in 1953. Net return after investment expenses was 3.66% and after federal income taxes, 3.46%.

Unassigned surplus totaled $110,800,000, increase 8.6%. Three other reserves, totaling $53 million, are carried as obligations. One, the mandatory security valuation reserve, stands at the maximum prescribed under the NAIC formula. Net savings from insurance operations were $33.8 million.

BBB Receives 8,070 Complaints, 118,472 Queries on Insurance

Better Business Bureaus in the U. S. and Canada received 118,472 inquiries plus 8,070 complaints about various lines of insurance in 1954. These 126,542 instances of service placed insurance first in the bureau's financial category with 39% and third in its top ten business classifications, for the second year, with 6.3% of the whole.

There were 66,767 instances of service performed in connection with A&H, of which 62,538 were inquiries and 4,229 were complaints. The bureau attributed this volume to public confusion over advertising and selling claims and policy provisions. A sharp rise was caused by Federal Trade Commissions publicized investigation of A&H advertising claims.

Of the 30,731 instances of service performed in reference to life, 29,320 were inquiries and 1,411 were complaints. There were 2,430 complaints and 26,614 inquiries, or a total of 29,044 instances of service, performed in connection with casualty, surety and fire.

Although the actual total number of instances of service increased on all lines of insurance from 103,297 in 1953, its percentage of the financial category total decreased a few points. Inquiries and complaints on all business categories rose to an all-time high of 2,005,288 in 1954, or a 6% increase over 1953.

There was a slight increase in instances of service performed on life, casualty, surety and fire, but the major jump in inquiries and complaints took place in the A&H field where a 44% rise—mostly inquiries—was recorded. The ratio of inquiries to complaints for insurance remained the same, 92% to 8%.

The BBB, scanning several hundred thousand advertisements and commercials in 1954, found it necessary to investigate and act on less than at any time since World War II. Thirty-six insurance advertisements required contact with advertisers. Sixteen dealt with A&H, 13 with life and seven with casualty, surety and fire. One life advertisement and one for A&H were referred to authorities.

Twenty-nine of the 36 advertisements appeared in newspapers. There were one television and two radio commercials, two magazine advertisements and two in other media.

Dineen Cites Integrity of Insurers and State

The insurance business is placing increasing emphasis on integrity as a tradition and not as just a by-product of law, Robert E. Dineen, vice-president of Northwestern Mutual Life and former New York insurance superintendent, told New York department examiners at their weekly training session.

Since every insurance company holds money of policyholders and claimants, a heavy responsibility is placed on company officers, agents, brokers and those who regulate the business. He commended the insurance department for its wisdom and restraint in dealing with the companies.

May Avoid Mich. A&H Probe

LANSING—Insurance people are hopeful that the senate business committee will not report favorably a resolution calling for investigation of A&H insurance operations.

The resolution apparently was the result of four cases involving a Greenville hospital. The controversy revolved around the "Gold Cross" policy of Metro Mutual of Detroit, whose president, L. W. Richardson, said at an informal hearing that the hospital has been fully paid in two of the cases, while in another the insured had entered the hospital for a specified complaint a month before eligibility under the contract, and in the fourth case the insured was shown to have falsified an application. Others speaking against the resolution included John Panchuk of Federal Life & Casualty and W. O. Hildebrand, secretary-manager of Michigan Assn. of Insurance Agents.

Detroit Gains 25% in Ordinary in Feb.

Detroit showed the greatest rate of increase in ordinary life sales in February, with a gain of 25%, according to LIAMA. New York City was second with purchases up 23%. Los Angeles led for the first two months of the year with a gain of 24%.

The increases for the leading cities for February and for the first two months of the year were, respectively: Boston, 12%, 18%; Chicago, 10%, 15%; Cleveland, 21%, 21%; Detroit, 25%, 22%; Los Angeles, 16%, 24%; New York City, 23%, 22%; Philadelphia, 21%, 16%; and St. Louis, 8% and 15%.

AMA Conferees to Hear Employe Benefits Panel

A panel on ways to obtain maximum value from employe benefit programs will be part of the agenda at American Management Assn. insurance conference May 4-6 in New York.

C. Manton Eddy, vice-president and secretary of Connecticut General Life, will tell how the insurer can aid in stimulating employe recognition of benefits. Frazier Wilson, manager of the insurance division of United Air Lines, Chicago, and E. Sidney Willis, manager of employe benefits planning of General Electric Co., New York, will tell how their companies merchandise benefit packages to employes and how results in employe understanding and appreciation justify the expenditure.

Named Portland Manager

State Mutual Life has appointed John R. Kelty manager of its Portland Ore. agency. He succeeds Donald P. Vernier, general agent since 1948, who will devote full time to personal production.

John R. Kelty

Mr. Kelty entered insurance in Reno, Nev., moved to Portland as an agent of Massachusetts Mutual, and after military service became Portland manager of Southland Life.

Propose Agent Licensing in R. I.

Examination and licensing of life insurance agents after Mar. 31 has been proposed in a bill introduced in Rhode Island legislature, with the backing of Commissioner Bisson. It contains a "grandfather" clause allowing those now actively engaged as life agents to be exempt from an oral or written examination.

Install 85 Occidental Millionaires

Eighty-five Occidental Life agents have been installed as members of the company's Millionaires club. Membership consists of agents who brought their total ordinary insurance in force above the $1 million mark.

Hanna Tells Florida Bar of 'Unfortunate' A&H Legislation

John P. Hanna, managing director of Health & Accident Underwriters Conference told the Florida Bar convention in Miami Beach the basic reason for rapid progress in the A&H field is competition. This coupled with state legislation allowing maximum experimentation by companies has brought better and more health insurance to the public.

"The insurance departments of the various states generally have done an outstanding job of regulating the business without interfering with experiments toward greater progress. Many experiments, considered fool-hardy by the industry generally, have provided the basis for sound advances," he declared. "Strangely enough, regulation in the public interest almost always turns out to be regulation in the best interest of insurance companies themselves."

He cited as "unfortunate" legislation and not in the public interest, the compulsory disability programs in four states and the California minimum benefits law. The federal trade commission's current probe of A&H advertising is also detrimental to the broad public interests.

"I am convinced current A&H advertising is conducted on a more accurate and ethical plane than any other industry." The nature of the product requires this. Efforts toward further improvements should be continued.

"A responsible federal agency such as the FTC should make every effort not to undermine public confidence in financial institutions which live by their promises of future performances. The evil which the generally misunderstood publicity does to the policyholders may well outweigh the evil which the FTC is trying to correct.

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"Strangely enough, individual companies complained against have not experienced an unusual number of policy lapses or any unusual difficulty in obtaining new policyholders. It would seem that policyholders have not lost faith in their own companies as much as they have in the industry as a whole."

Mr. Hanna remarked that every company complained against would willingly have made changes in their advertising regardless of merit. There was no opportunity to consult with the FTC before the charges were made. He then discussed important legislative milestones in the development of A&H business.

Mr. Hanna challenged statements made by the government experts that voluntary health insurance wasn't developing fast enough. "The $10-billion national medical bill contains many uninsurable items, or items which might better be budgeted.

"It is not in the public interest for health insurance to cover all medical-care costs from the trivial expenditures to the luxury services. A substantial portion of the $10 billions is not necessarily appropriately covered by insurance, such as routine preventative care, dentistry, hadacol and aspirin."

Credit Life Asks More Power

Credit Life of Connecticut has asked the state legislature for authority to issue life insurance on the term plan and for longer than the present limitation of five years The company also asks to issue A&H contracts, both individual and group.

A hearing was held by the insurance committee of the legislature, at which Commissioner Spellacy said he thought the company should increase its capital before being authorized to increase its underwritng limits. J. W. Ress, secretary and attorney of Credit Life, indicated that directors would increase the capital if the companies were given increased authority.

Colonial Names New Mortgage Loan Head

O. A. Augustine has been named supervisor of mortgage loans by Colonial Life. He joined the company in Brooklyn in 1939, transferred to the home office in 1941 and later became managing agent of the real estate department and in 1944, chief appraiser.

Moss Joins New York City Brokers

Robert G. Moss has joined Johnson & Higgins, New York City brokers, as associate actuary in the pension division. He was an actuary of C. R. F. Wickenden & Associates, New York City consulting firm, and was supervisor of the dividend section of Metropolitan from 1938 to 1953.

See No Needed Change in Mortality Tables

There is no need for any change from the present mortality table in use in the life insurance business, in view of current trends in mortality, compared with those on which the present tables are based, life insurance actuaries indicated in a discussion on the adequacy of present mortality tables at the eastern spring meeting of Society of Actuaries in New York City.

The experience of Prudential was discussed by Pearce Shepherd, vice-president and actuary, who said an improvement is evident in mortality at all ages, especially at younger ages, but the reserve requirements under the current mortality would be so little different from those required under the 1941 table that there is no need for any general overhauling of mortality tables at this time.

The same general conclusion was expressed by Edward A. Lew, actuary and statistician of Metropolitan Life, James E. Hoskins, actuary of the life department of Travelers, and Leonard H. McVity, associate actuary of Equitable Society.

Bankers L. & C. Has New Group Cancer Rider

Bankers Life & Casualty has just brought out a special cancer rider to be issued in conjunction with group hospital medical-surgical programs. It covers expenses in connection with cancer on an unallocated basis up to $5,000 without coinsurance, deductibles or other limiting factors.

Rates for the rider will be applied on a proportionate basis with existing group coverages.

450 Attend Open House

Columbian National Life held an open house with 450 persons attending to see displays, exhibits and demonstrations. The visitors, home office personnel, their families and guests, were particularly interested in operations performed by modern business machines.

Nashem Beats Million a Month

Lee Nashem agency, New York City, of Mutual Benefit Life paid for more than $1 million each month in January and February. This is a 100% increase over the same months of 1954.

Texas Regulatory Bills Begin to Take Shape

AUSTIN—At the half way mark of the Texas legislative session, the senate has passed a number of measures designed to stiffen regulation of the insurance business. The expectation is that they will be modified by the house, where the feeling seems to support the views of the board of commissioners.

The senate bill on financial requirements for fire and casualty and life companies sets up new minimums for capital and surplus. For fire the minimum is $200,000, it is $300,000 for casualty, and $500,000 for multiple line. For life insurance, capital and surplus must be $375,000 for new companies, and there is a limit on the size of policies that existing small companies may sell. All of these figures are expected to be reduced by the house, and then the final compromise will be made in conference committee.

Legislation designed to broaden the powers of the board of commissioners seems to be favored by both houses. Among the bills on this score is one to provide for actions by the board rather than independent action of the three commissioners. Another provision calls for more frequent examinations of new companies, and another gives the board authority to pass on the management personnel of old as well as new companies.

In view of the possibility for more authority, the house has made an appropriation of $1,788,794 to the insurance department as compared with the current appropriation of $1,492,368. The board had asked for $1,915,000, which the governor had changed to $1,794,000.

The legislation as advocated by the attorney-general was introduced last week. These bills provide penitentiary terms from two to 10 years for such offenses as making false valuations of real estate and false statement in connection with annual reports, or for the conversion of company money or property to personal use by an officer or employe of an insurer.

West Va. Department Bats .900 in the Legislature

Nine out of ten bills on insurance introduced by the West Virginia department in the last legislature have been enacted into law.

Commissioner Gillooly held a conference with representatives of the industry before the legislative session started and told them what his program would be. He received united support for it, and commented that the action of the industry demonstrates "that the great majority of the people in the insurance business do not fear, and, in fact, are willing to advocate and promote adequate state legislation of insurance."

Among the new West Virginia laws is one to establish an insurance commissioner's fund from fees collected from licensed companies. This includes a provision for increased fees and the legislature also has given the department a sizable increase in the budget, including an item to set up a fund for a comprehensive revision of the state insurance code.

The other new bills include a fair trade practices act, uniform policy provisions law for A&H, authority to the department to subpoena witnesses and tax cost of hearings against parties at fault, authority to impose a fine up to $1,000 against a company for violation in substitution of mandatory revocation of license, authority to impose a fine up to $100 against an agent for violation in substitution of mandatory revocation of license, and making a broker an agent of the company for acceptance of premiums except in a case of life and non-can A&H as is done in New York, increase in the fee for solicitor's license from $1 to $5, and requirement that vending machines for the sale of trip accident insurance be licensed.

Major Medical Claim May Run Higher for Women Than for Men

Disability claim totals under major medical expense insurance are expected to average three times as much for older women than for young women and four times as much for older men than for young men, Morton D. Miller, associate actuary of Equitable Society, told the eastern spring meeting of Society of Actuaries in New York.

At the younger ages, the expected claim cost for women is two-thirds more than for men and, at the older ages, women's claim cost may run about one-fifth more than for men. The claim cost rises fairly steadily with the addition of years, from 21 to 65. Mr. Miller cited figures from a liberalized major medical expense policy, based on claim experience for three years under previous major medical policies and adjusted to more liberal terms of the new contract.

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He said the cost of major medical expense insurance is uncertain because there are few available statistics; it is hard to know how much the spread of coverage of this type may affect present medical and hospital costs; cost levels may be inflated by economic changes; and future medical advances may influence cost. Premium rates have been computed on a margin to warrant future policy dividends of about 15%, beginning in the fourth policy year, but they will be determined by actual experience. The policy is on a level premium basis, with a claim reserve built up to cover a higher claim rate of later years

Kingsland Camp, mathematician of Equitable Society, said it is doubtful that a manageable mathematical expression for the law of mortality ever will be found, but the new controlled sequence calculating machines with large storage capacity do bring it within the range of possibility for the first time. The machines make it possible to derive graduated results with a high degree of refinement from a series of crude mortality rates.

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The job might best be done in three successive machine programs, each of which can be used separately, he said. The first program obtains from the data a smooth series of rates by a suitably strong Whittaker-Henderson A formula. It should be feasible to derive a geometric factor appropriate at higher ages of life, a column of weighing factors for use in the real graduation to follow, and a schedule of comparisons and tests such as most actuaries prefer to apply to any table they use. This series could be used in constructing a dividend scale.

The second program would graduate the data by a fourth-order Whittaker-Henderson B formula that constrains third differences toward a geometric progression, using the factor and weights derived in the first program. Because of much work by hand, the B graduation process is seldom used, and apparently never beyond the third order, he said.

The third program is designed to produce an extensive schedule of arithmetical and statistical tests and comparisons of the results.

$6,559 Stolen from Pru Branch

Prudential's University Heights branch in the Bronx, N. Y., was robbed of a $6,519 payroll and $40 additional cash by three armed men who held 64 employes at bay and escaped in a stolen car.

One man, posing as a client, was followed by two masked gunmen. They took the payroll from an unlocked safe and the cash from a counter drawer a few minutes after the $6,559 was delivered by Brink's messengers on payday. They menaced Manager Victor Luria, five supervisors, 50 agents and eight clerks with guns, took the money and fled within five minutes.

School-Business Forum

Panel discussions on education for job competence, transition from school to job and communications between schools and business were conducted at the educational-business conference held at the John Hancock home office. The meeting was sponsored by nine business firms and more than 300 educators in the Boston area. John L. McCrea, 2nd vice-president for client and personnel relations of John Hancock, acted as host.

Orsini Talks to Hospital Men

Louis A. Orsini, group manager of Bureau of A&H Underwriters, was speaker at a meeting of Connecticut chapter of American Assn. of Hospital Accountants at Waterbury, Conn. He spoke on insurance-hospital relations.

Union C&L Doubles Its Life Writings

Paid-for life insurance of Union Casualty & Life in 1954 more than doubled the previous year's figure, going from $26,131,549 to $59,568,186. Total life in force increased from $336,229,955 to $418,334,315 and capital and surplus went up from $705,891 to $1,039,317.

Matt Jaffe agency of New York City received the president's trophy as the leading agency in paid commissions and also received an agency trophy for exceeding the established quota. Agency tropies also went to Union agency of Illinois and Weingarten agency of Brooklyn.

The company will have its first convention at Thousand Islands June 4-8.

Postal Agency Sets Mark

Milton Altschul agency of Postal Life in New York set a company record for volume of business produced by a single agency in one month by paying for $1.6 million in February, making it the company's leading agency for the year. It is the second time the Altschul agency has set a monthly record, and the third Postal Life agency to pay for more than $1 million in one month.

Define Jobs Clearly, Says Agency Supervisor

Supervisors think their jobs should be defined clearly—but not outlined—by the agency head in the light of the agency's plans for attaining specific goals, E. B. Eichengreen, assistant manager of the Thomas W. Melham agency in New York City, told Life Supervisors Assn. of New York City.

Supervisors working for general agents feel they should receive consideration for renewal commissions on business they bring into the agency, after they establish their worth, said Mr. Eichengreen, president of the association. The supervisor should be paid in keeping with his performance, and personal production, if it is done, should be considered separate from his regular pay. In addition, he said, most men are looking for recognition when they earn it.

Joseph E. Boettner, who joined *Philadelphia Life* in 1951 as superintendent of agencies and was named vice-president in February, has been elected a director of the company.

EDITORIAL COMMENT

NALU's New Headquarters Building

No one could help being tremendously impressed by the new home that National Assn. of Life Underwriters has had designed for itself. It will be surprising if the architects, Pereira & Luckman, do not win high honors for having conceived it. It is difficult to imagine any organization in the country not being envious of it as a home.

Charles C. Cleeton, Occidental of California, Los Angeles, past president of NALU and the chairman of the building committee, did a masterful job of getting across to his listeners at the national council meeting something of the same spirit of devoted zeal that has imbued him and his committee.

Mr. Cleeton envisioned the building not merely as a workshop for the busy staffs of NALU and Life Underwriter Training Council but as an inspiration for the hearts of the members, something that will engender "an entirely new spirit in the NALU," as he phrased it. He spoke of the building as a solidifying influence in NALU. He contrasted this building with a merely functional one by saying there is the same difference as between a custom tailored suit and a "hand-me-down."

NALU is fortunate in having the same building committee continue with the job of seeing the project through, including raising the additional money that will be needed. Assuming there is a $160,000 mortgage amortized in 10 years out of rent paid by LUTC, there would be about $150,000 left to raise through contributions from members and friends. If Mr. Cleeton and his committee members can only instill something of their spirit of selfless enthusiasm for this project in enough other members of NALU, there should be no trouble raising the money.

Should NALU Drop Its Midyear Meetings?

Should National Assn. of Life Underwriters abolish its midyear meetings? At the midyear gathering at Columbus, O., last week, Louis J. Grayson, agent of Travelers at Washington, D. C. and a candidate for trustee of NALU, offered the suggestion that the National association eliminate the meeting that for many years has been held each spring and confine itself to one annual meeting.

Without having decided whether we agree or disagree with Mr. Grayson, we believe that his suggestion is eminently worthy of close and serious consideration by everybody concerned—and that means the members of NALU in general and the local, state and national leaders in particular.

Mr. Grayson made his suggestion at the evening forum for agents put on by the agents' committee. Participation in this was of course confined to agents and there are never very many of them at a midyear meeting. But in spite of the comparatively limited size of the gathering it is undoubtedly significant that Mr. Grayson's suggestion gave rise to no reaction of shocked dismay.

Mr. Grayson made a good presentation of his case and probably could have made it even stronger if he had been selling it to the national council or the board of trustees. The gist of his argument was that the national council at midyear meetings has a much smaller attendance than at the annual meetings. This is largely because of the expense of sending representatives to the secondary meeting of the year and of course this results in the associations that are distant from the convention city being, in general, less well represented than those that are nearer. This results in a distorted representation.

Mr. Grayson recalled that at the national council meeting a year ago in New Orleans the council did not feel itself qualified to speak for the membership on what city should be selected for the projected headquarters building of NALU. The council considered its membership to be insufficiently representative of the entire NALU. Consequently, expression of sentiment was left until the annual meeting in Boston.

Parenthetically, it might be noted that even the national council at the Boston meeting was judged to be not sufficiently representative for its expression of preference on the headquarters location to be regarded as significant, for the trustees finally overrode the council's preference for New York city, on the ground that the eastern location of the convention tended to give undue weight to eastern sentiment. If that could be the case at an annual meeting of the national council it would certainly be even more true of a midyear meeting.

If, as Mr. Grayson indicated, the tendency of the national council is going to be to consider itself insufficiently representative of NALU when it meets at the midyear convention and consequently leaves matters of real importance over until the annual meeting, there arises the question of whether the midyear meeting is really worth the expense involved in sending the delegates that do show up. Might it not be better to save the money in the hope that there would be the largest possible representation at the annual meeting?

It may be that an additional reason why the attendance at midyear meetings of the council tends to be smaller and less representative than could be desired is that aside from electing officers at the annual meeting the national council is almost entirely a forum for the expression of opinions, none of which are in the least binding on the NALU's governing organization, which is the board of trustees. Fortunately, the board has never shown a disposition to take a cavalier attitude toward the council's opinions. Even its overriding of the New York location preference for NALU headquarters expressed at Boston was done only when it seemed the sole way of avoiding a really serious split in association ranks, because a poll of local associations had previously shown a preference for Washington, D. C.

Nevertheless, it is a fact that the council's function is almost entirely advisory. If at the midyear meetings its makeup is so unrepresentative as to make its advice dubious as the true voice of the entire association, is the advice so obtained worth the expense, effort and time it entails?

Even if it were decided to abolish the midyear meeting of the national council, it would doubtless be advisable to continue holding meetings of the board of trustees at about the time of the present midyear meetings. The idea of expressing local association sentiment by mail was tried in connection with choosing the headquarters location. It could doubtless be used for other matters on which the trustees might desire the opinion of the local organizations.

If the practice of submitting midyear reports by NALU committees were continued despite abolition of the midyear meeting, the national council's comments on these could be handled by mail. It might well be that loss of the "town meeting" atmosphere might be more than offset by the greater participation that would be possible through mailed comments. The national council has no power to disapprove or modify reports and its approval is not necessary to any action the board of trustees may take.

The holding of a big midyear meeting is a custom of comparatively recent origin for NALU. Twenty-five years ago there was no board of trustees or national council. The governing body was the executive committee. Much larger than the present executive committee, it was comparable with the present board of trustees. NALU's midyear meetings, consequently, were small affairs.

NALU is working on a new constitution and by-laws, on which it will presumably vote at the 1956 annual meeting. Thus, there is ample time for discussion of the important question of whether or not to abolish the midyear meeting.

As we said at the start of this piece, we have not formed an opinion on the matter. It may seem from the points we have raised that we are enthusiastically in favor of holding no more midyear meetings but that is not so. There may be far more cogent reasons for continuing with the midyear gatherings than for dropping them.

Since NALU is run by its trustees, it might be argued that the time, energy and money spent in holding a midyear meeting of the national council and the committees could be better utilized in seeing that the men and women elected to the board are the most capable it is possible to find.

At all events, the holding of midyear meetings seems deserving close scrutiny and objective consideration of all the relevant pros and cons.

PERSONALS

Gardner H. Green and **William P. J. Drakeley Jr.** have been placed in charge of Penn Mutual's agencies at Jacksonville and Wilmington, Del.,

Gardner H. Green

William P. J. Drakeley Jr.

respectively. Mr. Green, a CLU who joined the company in 1936, has been assistant to the director of new organizations since January, 1954. Mr. Drakeley joined Penn Mutual in 1951.

Warren J. Moore, vice-president of Old Line Life, is expected to be released soon from a Milwaukee hospital

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CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. O. E. Schwartz, Chicago Mgr. A. J. Wheeler, Resident Manager.

CINCINNATI 2, OHIO—420 E. Fourth Street, Tel. Parkway 2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; George E. Wohlgemuth, News Editor; Roy Rosenquist, Statistician.

DALLAS 1, TEXAS—708 Employers Insurance Bldg., Tel. Prospect 1127. Alfred E. Cadis, Southwestern Manager.

DETROIT 26, MICH.—502 Lafayette Bldg., Tel. Woodward 1-2344. A. J. Edwards, Resident Manager.

KANSAS CITY 6, MO.—605 Columbia Bank Bldg., Tel. Victor 9157. William J. Gessing, Resident Manager.

MINNEAPOLIS 2, MINN.—1038 Northwestern Bank Bldg., Tel. Main 5417. Howard J. Meyer, Resident Manager.

NEW YORK 38, N. Y.—99 John Street, Room 1103, Tel. Beekman 3-3958. Ralph E. Richman, Vice-Pres.; J. T. Curtin, Resident Manager.

OMAHA 2, NEBR.—610 Keeline Bldg., Tel. Atlantic 3416. Clarence W. Hammel, Resident Manager.
PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127, Tel. Pennypacker 5-3706. E. H. Fredrikson, Resident Manager.
PITTSBURGH 22, PA.—503 Columbia Bldg., Tel. Court 1-2494. Bernerd J. Gold, Resident Manager.
SAN FRANCISCO 4, CAL.—Flatiron Bldg., 544 Market St., Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.

where he underwent successful eye surgery following an injury. He will spend some time at home in convalescence before returning to the office.

Elmer K. Rupp, veteran insurance journalist of Los Angeles, was honored last week at the insurance committee meeting of Los Angeles Chamber of Commerce. Mr. Rupp, who has been reporting insurance news for 32 years, was presented a handsome pen and pencil set by J. T. Silveira, manager of Pacific Fire Rating Bureau at Los Angeles.

Henry C. Hunken, Connecticut Mutual Life general agent at Chicago, left the city the early part of March to board his cruiser at the Coral Ridge Yacht Club in Fort Lauderdale, Fla. He will cruise in southern waters, returning to Chicago the first part of May.

DEATHS

MILO W. WILDER JR., mortgage consultant and retired financial vice-president of Mutual Benefit Life, died at his home at Orange, N. J. He was with the company 50 years when he retired in 1947. He joined John J. Reynolds in 1948 as head of the corporate financing division of the real estate and corporate finance brokerage firm.

PAUL V. McNUTT, 63, chairman of Philippine American Life and former governor of Indiana and ambassador to the Philippines, died at his home in New York City after an illness of six months. He had attended the annual meeting of the company three weeks ago. He was also a director of American Life of Delaware and U. S. Life.

JOHN W. DAVIS, 81, a trustee of Mutual Life of New York and presidential nominee in 1924, died of pneumonia at Charleston, S. C. He would have marked his 30th anniversary as a trustee in July. Only one other trustee of the 30 on the board had a longer tenure.

State Mutual Sends Earnshaw to Md.

Charles W. Earnshaw, former training director of State Mutual Life at the home office, has been appointed agency manager of Maryland with headquarters in Baltimore. He succeeds Harry I. Warren, who has been general agent since 1941.

Charles W. Earnshaw

Mr. Earnshaw entered insurance in 1932 with Penn Mutual in New York City, went with Prudential in 1940 and joined State Mutual in 1948. He is president of New England trainers group and is a CLU.

LIAMA Elects 4 Members

College Mutual Life of Indianapolis, Royal of Montreal, Western National Life of Amarillo, Tex., and Colonial Mutual Life of Melbourne, Australia, have been elected to membership in LIAMA, bringing the world-wide total to 267 companies.

PERSONAL INCOME
What Portion Should Go For Insurance?

By DR. HARRY DINGMAN

Money earned in occupation is chief determinant of one's financial status. Occasional persons have money independence from inheritance, inventions, investments that have been unexpectedly happy, oil found on the old farm homestead, wealthy widows that remarried.

Financial status determines how well a man can live currently, and how much he can save for future security. It determines how much can be spent for food, shelter, clothing, recreation—and insurance. About 3% of U. S. A. national income goes for life insurance. Not enough. Yet may be too much for large families with meagre income who have developed a habit of eating to live.

What portion of income should be budgeted for personal protection—life insurance, accident insurance, health insurance, hospitalization, medical reimbursement? Categorical answer is impossible. Circumstances vary greatly. Perhaps you believe as J. Elliott Hall believes, that no head of a family has any right to invest in stocks or bonds until he has an adequate insurance estate. Perhaps you believe as Ben Tolmich believes, that home ownership, insured, is first obligation of a husband with children. Perhaps you believe with the fictional J. Rufus Wallingford that you should take a chance on long shot speculation. Trouble is it isn't J. Rufus who takes the chance. It is his wife, his widow. If J. Rufus dies unexpectedly or becomes permanently disabled, his widow has to go find a job. Thousands of widows have had to do just that. Thousands? Millions.

The Bible, a book of great wisdom, based on many, many centuries, suggests that you—I, well anyhow, you—give a tenth of income to the Lord for those who need it. Your widow and orphan may need what a tenth of your income will buy them in daily security. You relieve the Lord of obligation for them. I say it reverently. If you spend 10% of income for life insurance, you exceed average. Congratulations! Life insurance companies have been permitting expenditure up to 20% of income for life insurance. It's too much. It's much too much with taxes as they are today. Read the Marshall and Murphy articles on jumbo insurance. Then reread.

This is an excerpt from the new edition of "Risk Appraisal" by Dr. Harry Dingman, vice-president of Continental Assurance. Acknowledged as an authoritative work throughout the insurance world, more than 800 life and A&H companies use the book as a basic text. It has received enthusiastic praise from many million dollar producers. The new edition now is available from the National Underwriter Co., 420 East Fourth street, Cincinnati, or any of its branch offices. The price is $12.50.

Reduces Aviation Rates

A reduction of $2.50 per thousand from the former $5 has been made in the extra premiums formerly required for civilian and military aviation risks by Colonial Life. Included in the reduction are civilian pilots and crew members on scheduled passenger airplanes in the U. S. or Canada, including pilots of lines flying outside those countries; professional pilots with qualifications comparable to those of scheduled airlines, who fly company owned planes for business only; and, in select cases, non-commercial pilots over age 30 with 1,000 hours experience. An extra premium of $5 per thousand will be charged for civilian pilots and crew members engaged in non-scheduled flying, instructing, charter, sightseeing, photographic, etc., and for private pilots generally. The former rate was from $7.50 to $15. Accidental death benefit may be issued at standard rates for persons whose occupations require them to fly as passengers if flying is less than 150 hours per year. If it exceeds this limit, the benefit will be rated 1.5 times standard.

Pru Plans White Plains Agency Opening June 15

Prudential will open a new agency at White Plains, N. Y., June 15, with James E. McEvoy as manager. He will be manager of the Murray Hill agency in New York City from April 1 until he takes over the White Plains agency. He temporarily fills the vacancy created by the transfer of C. Jordan Kreutz to Hackensack, N. J.

Mr. McEvoy, an assistant director of agencies, joined Prudential in 1936 at the home office, became an agent and subsequently assistant manager at Newark and returned to the home office in 1952 in the sales management department.

Bogut to Wichita for John Hancock

John L. Bogut has been named manager of the Wichita group A&S claim office of John Hancock. He has been with the company since 1953 and at the time of his promotion was field representative in charge of the Seattle claim office. John M. Wallace, who has been at the home office since 1946, replaces him at Seattle.

New Bettger Book Puts Ideas Across Concisely

By RALPH E. RICHMAN

Frank Bettger's second book on selling, "How I Multiplied My Income and Happiness in Selling," is especially valuable to a busy man in the life insurance business because of the conciseness with which it puts across a practical idea. There are 40 chapters, each based on a personal experience, but the average length of a chapter is less than six pages.

Probably there isn't a new principle of life insurance selling in the Bettger book but there is evidence that Mr. Bettger has made sharp use of known principles by working out the procedures that increase the return from their application. The book is filled with stories showing Mr. Bettger's skill at listening and sensing from direct statements or from conversations the life insurance need which would most powerfully motivate the man in front of him.

The book is published by Prentice-Hall, Inc., New York City.

Des Moines Meeting To Open ALC Regionals

American Life Convention will open its series of regional meetings at Des Moines, April 4-5. Other regionals are scheduled at Washington April 11-12 and New Orleans April 18-19.

There is no established agenda at any of the meetings, nor will there be formal speeches. Among open discussion topics will be agency and home office matters, federal and state taxation of insurers, legislative developments, war problems, new policy contracts, variable annuities and investments. At Des Moines a special session will be devoted to investment problems, with James H. Windsor, financial vice-president of Equitable Life of Iowa, chairman of the ALC financial section, presiding.

Special guests at Des Moines will include Commissioners Fischer of Iowa, Pansing of Nebraska and Hammel of Nevada, as well as actuaries H. G. Eggert of Nebraska and Howard Hill of Kentucky.

John R. Ward Promoted by North American Re

North American Reassurance has advanced John R. Ward to assistant secretary. Mr. Ward has been doing special work for several months, principally in the group and A&H fields. He will continue in this activity.

John R. Ward

Mr. Ward, who this year will mark his 25th insurance anniversary, joined North American after serving as senior account executive for Johnson & Higgins. Starting in the business as an agent, he was elected an officer of United States Life at the age of 27 and for more than 10 years was in charge of underwriting, issue and claims. He later did special group underwriting and research for John Hancock Mutual, and also assisted in establishing the group underwriting of Home Life of New York when that company entered the group field in 1950.

Mr. Ward is a past vice-president of Institute of Home Office Underwriters and for several years served on its executive committee.

A. B. Goldstein Feted

Aaron B. Goldstein, manager of Metropolitan's South Boston office, and his staff of 40 were honored at a dinner for leading the New England territory in 1954. Clifton E. Reynolds, superintendent of agencies, who was accompanied by field officers and 10 home office executives, awarded Mr. Goldstein the veteran's trophy as leading district in New England and a Millionaire's Club plaque. Pins and plaques were given the sales, medical and clerical staffs of the office. Mr. Goldstein joined the company in 1927 and is a life member of the Million Dollar Round Table.

New A&H Bureau Members

Midland Mutual Life and Sun Life of Canada have joined Bureau of A&H Underwriters. They bring the number of companies in the bureau to 97.

Kirschenbaum to Pittsburgh

Prudential has appointed Ben Kirschenbaum head of north park district at Pittsburgh. He joined the company in 1936 and supervised agents in Elmhurst, N. Y., from 1946.

Advertising Workshop Set for April 3-8

Life Insurance Advertisers Assn. will run an editorial workshop April 3-8 at St. Louis. The meetings will be directed by members of the LAA staff. Powell B. McHaney, president of General American Life, will speak at the closing luncheon.

The program will include discussions of how to achieve editorial objectives; special problems of home office and field publications; how to write quick, easily understood headlines, leads, photo captions; how to edit efficiently; use and planning of picture stories; editorial and sales promotion; preparation of manuscripts; how to test readership, publicizing conventions, contests, and other editorial problems.

A.H. Thiemann, 2nd vice-president New York Life and president of the association, will also address the workshop, St. Louis Advertising Club will give a luncheon for persons attending the meeting.

Bankers National of N. J. Begins Ad Campaign

Bankers National Life of Montclair, N. J., has begun a national advertising campaign in *Fortune* magazine. The first advertisement, in the April issue, will be a four-color, two-page spread announcing the opening of the new home office building and the introduction of the new low cost $25,000 minimum whole life policy.

There will be three follow-up two-color single page advertisements on the policy during the year. The same motif will be followed in most of the company's trade press advertising.

Stock Broker at L. A.

Paul H. MacGregor of the stock brokerage firm of E. F. Hutton Co., addressed A&H Managers Club of Los Angeles on "Outlook for Business and Stock Market." Mr. MacGregor's forecast was for industrial expansion.

McPherson Takes Company Post

Joseph D. McPherson, former Alabama deputy insurance commissioner, has been appointed secretary-treasurer of Mutual Savings Life of Alabama.

ACCIDENT AND HEALTH

Chicago A&H Men Elect R. L. Seiler President

Alvin H. Goeser of World of Omaha was speaker at the election meeting of Chicago A&H Assn. New officers of the association are:

President, Robert L. Seiler of Paul Revere Life; vice-presidents, Lee Houghland of Combined; LeRoy L. Phelps of North American Life and John E. Sonin of Fireman's Fund Indemnity; treasurer, Frank Watt of Washington National, and secretary, Marie Meade of H & A Underwriters Conference.

The executive board is made up of W. G. Manzelmann of North American Accident; James Beaumont of Critchell-Miller agency; William G. Burns of Bankers L. & C.; John Hoard of Mutual Benefit H. & A.; Ernest T. Luehr of Parker, Aleshire; George Mauloff of Marsh & McLennan; John J. Quinn of Conkling, Price & Webb; W. R. Weiler of Meeker-Magner; Charles Woodward of Newhouse & Hawley and W. C. Woodyard of Continental Casualty.

James Willford Heads Ohio A&H Association

James B. Willford, Toledo, was elected president of Ohio Assn. of A&H Underwriters at the state organization's annual meeting in Columbus. Melvin C. Meilke of Columbus, John Forrest of Akron, and William L. Allebach of Cleveland are vice-presidents. Homer Trantham of Columbus continues as executive secretary and counsel.

Parker B. Arnett of Youngstown, outgoing president, is chairman of the executive board, succeeding R. W. Bickelhaupt of Cincinnati. Other board members are W. B. McIntyre and Warren L. Schwochow, Columbus; Robert Kelly, Cleveland; Herman Harrison, Cincinnati; Leland Clegg, Youngstown; Edward H. Smith, Toledo.

In view of the association's sponsorship of two sales caravans that visited six Ohio cities last fall, the usual sales program that has been a feature of the annual meetings was omitted this year. Instead, the representatives of the Ohio body met with the Columbus association at a luncheon meeting. A. Stuart Payne, general agent for Security Mutual Life, Binghamton, was guest speaker. He discussed the coordinating of accident and sickness insurance selling with life insurance sales.

Suggests Private A&H Pool for Reinsurance

John H. Rowell, consulting actuary of San Mateo, Cal., suggests primary A&H insurers form a private A&H reinsurance pool as an alternative to federal A&H reinsurance. He writes:

In the President's latest health message to Congress, he wrote as follows: "Reinsurance: The purpose of the reinsurance proposal is to furnish a system for broad sharing among health insurance organizations of the risks of experimentation."

Here is recognition of the fact well-known to insurance people that reinsurance, in the final analysis, is a spreading of excess losses, or catastrophe losses, or the risks of insurance experimentation among the primary insurers.

The primary insurers have long bought excess reinsurance covering, for example, workmen's compensation losses in excess of $25,000 per accident, knowing full well that the excess losses will come back to them collectively, at once, and individually, eventually in the form of reinsurance premium charges. Excess reinsurance per accident or per occurrence is simply a means whereby an individual primary insurer can escape temporarily the shock losses which are beyond its immediate capacity to bear.

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Likewise, the primary insurers have established such organizations as Aero Associates, Associated Aviation Underwriters and U. S. Aviation Insurance group to spread the risks of airplane hull and personal injury or death catastrophes among the primary insurers. Excess reinsurance is still required, but the pooling arrangements permit higher retentions by the individual insurers than they would otherwise permit. American Marine Hull Insurance Syndicate does a similar spread-the-risk job in the field of ocean marine hulls. American Foreign Insurance Association and American International Underwriters operate in areas where the nature of the fire and casualty risks assumed were relatively unknown at the outset. Indeed, these associations were organized for the very purpose of spreading insurance experimentation among the primary insurers.

The administration's health service prepayment plan reinsurance act, voted down last year because of the need of "more time for study", provided for covering about 75% of the underwriting losses a primary insurer might suffer as a result of experimentation in new phases or areas of hospital-surgical-medical coverage. Individual insurers could participate in the program, or not, as they liked.

Is there not an analogy between this and the hitherto proved success of individual insurer participation in existing fire, casualty or ocean marine pools?

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The administration would authorize the Secretary of Health, Education and Welfare to start with a $25 million capitalization (and tax supported administrative expenses estimated by Mrs. Hobby at $18.5 million a year), stating it to be an alternative to more drastic health and welfare or socialized medicine schemes. The insurance business does not like "more drastic health and welfare or socialized medicine schemes." But neither does it relish the administration's proposed alternative to be run by the federal government.

Therefore, as an alternative to the administration's proposals, could not the insurance business establish a private reinsurance A&H pool?

In the President's words, if "the purpose of the reinsurance proposal is to furnish a system for broad sharing among health insurance organization of the risks of experimentation," would it not be a better alternative for the primary insurers to meet his purpose by organizing, within the business, an industry-owned, industry-controlled and industry-managed reinsurance facility in which individual insurers could participate, or not, as they wished, in order to "furnish a system for broad sharing among health insurance organizations of the risks of experimentation"?

Last year's administration bill was defeated but not dropped. The time for study has gone by. The time for talk has gone by. The only way to defeat the bill this year is to offer a concrete alternative. This is to meet the President's purpose, not by accepting some version of federal reinsurance but by offering private reinsurance, perhaps as a pool, open to all private insurers, life, casualty and service, who wish to participate.

Five Speakers Named for Ill. A&H Assn. Annual

Illinois Assn. of Accident & Health Underwriters, which is holding its first annual sales congress in Peoria April 15-16 at the Pere Marquette hotel, will hear the following speakers:

L. W. McKinnon, president of International Assn. of Accident & Health Underwriters; Charles H. Gilbert, Woodman Accident general agent, Madison, Wis., president of the Wisconsin association; Edward O'Connor, managing director of Insurance Economic Society of America; John P. Hanna, managing director, Health & Accident Underwriters Conference, and Chester C. Elson, Mutual of Omaha, Waterloo, Ia.

There will be a general business meeting the afternoon of first day followed by a "mixer" at the Pabst Brewery, with the second day being devoted entirely to the sales congress. The $5 registration fee includes a luncheon.

AMA President Raps A&H Reinsurance Proposal

Care of persons who cannot be insured is the greatest single medical problem in this country, but the federal A&H reinsurance bill cannot solve it, Dr. Walter B. Martin, president of American Medical Assn., said at dedication ceremonies for the new headquarters of Los Angeles County Medical Assn.

Dr. Martin presented statistics to show the tremendous growth of the A&H business. "I'm convinced that our progress toward voluntary insurance has been so great that it won't be long before all insurables are actually insured by private companies," he said.

NALU Holds Harmonious Midyear Gathering

(CONTINUED FROM PAGE 3)

mended that the entire industry review its advertising and marketing practices to make sure that they do not endanger the high esteem and public acceptance that the life insurance business has striven for and presently enjoys.

"We are convinced that undue speculation on future costs, which has little relevance to current actual experience, can bring only temporary and narrow advantage while sacrificing the priceless ingredients of public acceptance —integrity and good will," the report concluded.

There was considerable discussion at this committee's meeting, not all of it agreeing with the report.

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For example, E. C. Schroder, New York Life, Appleton, Wis., said that as far as he was concerned the special policies his company had brought out had increased the agent's income. It is now possible to sell $10,000 for what the buyer would have had to pay for $8,500. He said the special policy had been a distinct advantage to him personally, because he can sell more business.

David B. Fluegelman, Connecticut Mutual, New York City, a past president of NALU, criticized special policies having reduced commissions as a form of legalized rebating. Mr. Collins pointed out that one company had indicated it would probably eliminate the reduced commission rate in its special policies. He asked Mr. Schroder if he wouldn't like to have no reduction in the commission rate in the special policies, to which Mr. Schroder readily assented.

Mr. Collins was particularly critical of the type of special policy in which the entire cut in premium results from the reduction in the agent's commission.

Another participant pointed out that the special policy provided only a fleeting advantage because other companies would soon bring out their special policies.

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Mr. Fluegelman asked how the reduced-rate-of-premiums emphasis squared with the professional concept, observing that he had never seen a professional man who gave his services on the basis that they would be cheaper than those of somebody else.

Harold J. Cummings, president of Minnesota Mutual Life, was in the room and was asked by Mr. Schroder to comment on the special policy situation. Mr. Cummings said that the rate of commission means nothing but the total commission per sale and the agent's total compensation are the important things. He pointed out that his company's premium per $1,000 had decreased one-third in recent years but the agent's commissions per sale have increased during that time from $30 to $50 and the agent makes more sales per interview. He said it is wrong to sell net cost and that comparisons between companies hurt all companies.

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Mr. Cummings said the life insurance business should overcome the fear the agent has of seeing people. Practically all agents have this fear and Minnesota Mutual is concentrating on giving the agent skill in overcoming it and doing things that will bring encouraging results.

He said at first the company was laughed at for its insistence on its

Past president John D. Monyahan (Metropolitan Life, Chicago) and Merlin J. Ladd, New England Mutual, Boston, chairman of the NALU nominations committee, chatting at the NALU midyear at Columbus.

agents using canned sales talks but these sales talks have resulted in agents stepping up their sales ratio from one sale in seven interviews to one in three. With Mr. Cummings was Richard Link of Los Angeles, one of Minnesota Mutual's million dollar producers, who said he invariably uses a canned sales talk. He makes about 150 sales a year and said he would be lost without these sales talks and the sales aids supplied by the company.

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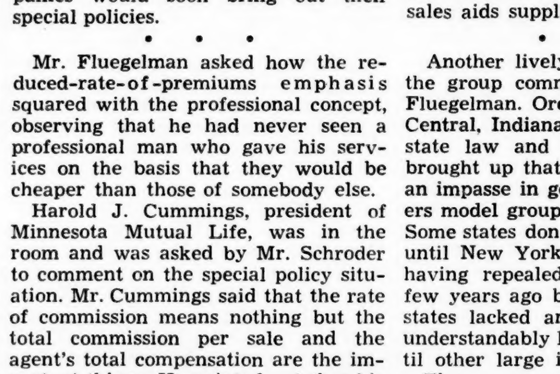
Another lively meeting was that of the group committee, headed by Mr. Fluegelman. Oren D. Pritchard, Union Central, Indianapolis, chairman of the state law and legislation committee, brought up that there is something of an impasse in getting the commissioners model group limitation bill passed. Some states don't want to do anything until New York does and New York, having repealed its limitation bill a few years ago because so many other states lacked any curbs whatever, is understandably leery about moving until other large industrial states act.

There was considerable discussion



NALU trustee John Donohue (Penn Mutual, Baltimore) with Laura Benham, Prudential, Niagara Falls, N. Y., chairman of the committee of women underwriters, during the NALU midyear meeting at Columbus; and Albert Adams, John Hancock, Philadelphia, presently a trustee of NALU and candidate for NALU secretary.

of the railroad group case written by Travelers and reinsured with other companies. The fact that only $5,000 in commissions was paid was criticized, although it was pointed out that the justification was that if the companies had insisted on paying the full rate of commission the case would have gone self-insured.

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Someone pointed out that in spite of this low commission, fees were paid to consultants that added up to more than the regular commissions. However, Mr. Fluegelman said that such fees have nothing to do with the commission question and failure to pay customary commissions is damaging the agency system. He said that "companies have got to face it and not play both ends against the middle."

Mr. Fluegelman was also critical of the concept that commissions should be paid only as they could be justified by the agent's service in each individual case. He pointed out that the agent is paid not only for the cases he sells and services but for those he doesn't sell but tries to sell.

Albert Adams, John Hancock, Philadelphia, a trustee of NALU, said that "possibly we made a mistake" in going along with the commissionless group life plan for federal employes. He said it seemed likely that "we have opened a door that may never be closed for a long time if ever—and there may be a wider opening of the door," contrary to the agency system. He said

Gerard S. Brown, Penn Mutual, Chicago, NALU federal law and legislation chairman, with NALU treasurer James Elton Bragg, Guardian Life New York City, at the NALU midyear at Columbus.

this, combined with other elements, is working against the interest of the individual agent and "possibly we might reverse our stand" on this type of business.

Mr. Fluegelman commented on the difficulty of saying that commissionless group is OK for life insurance but not for A&H. He said he didn't see how it is possible to oppose commissionless group A&H for government employes without reversing NALU's position on the federal employes group life insurance case.

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There was also a question brought up as to how NALU could say the commissionless plan was all right for the federal employes case and not for the railroads.

Mr. Fluegelman said that an exception was made for the federal government because it could have insured its employes direct, for example through social security.

Gerard S. Brown, Penn Mutual, Chicago, chairman of the federal law and legislation committee, pointed out that another aspect is that the government is the people and "we are the people". He said that all are concerned about government economy and consequently there is a difference between the government case and the railroads, which are private employers.

He said there is also the angle that NALU is constantly dealing with the government on other matters and that he was told by a high government official that he was very happy that NALU had taken the position of going along with the commissionless group life case as it did a year ago at New Orleans. Thus, "we are creating some good will and that is a good thing," he stated.

Mr. Pritchard at this point asked if the U. S. government as an employer was any different from, say, the state of Illinois. If the state of Illinois is entitled to a "rebate" this is at variance with the law of the state itself, he said.

Carlyle Dunaway, NALU counsel, pointed out that insistence on commissions on the government employes group A&H case might mean that Blue Cross and Blue Shield would get the whole case and the committee had that in mind. He mentioned that the taxation of Blue Cross and Blue Shield is being studied by NALU and by the companies to see why they shouldn't be made subject to the same insurance laws, taxes and regulations as other insurers.

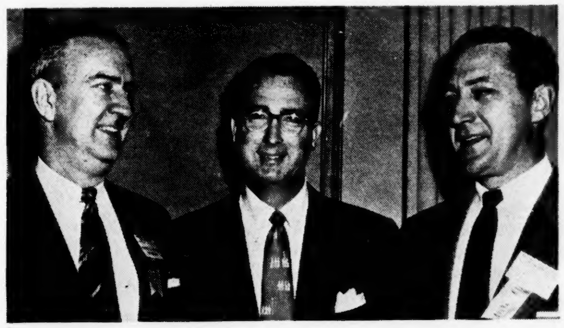
The consensus on dependents' group insurance was still against it. Roy Simon, Penn Mutual, Chicago, said that when something like this is started, even "with limits," it will be like social security in that nobody knows where it will go in future years. However, Lewis Callow of Memphis, expressed concern lest this form of coverage be taken over by the federal government.

At the forum conducted by the committee of agents, headed by William H. Pryor, Connecticut Mutual Life, Milwaukee, Louis J. Grayson, Travelers, Washington, D. C., a trustee candidate, suggested that the midyear meeting be eliminated as an unnecessary expense, since so few members attend the national council meeting that its expressions of view point cannot be regarded as representative of NALU as a whole. Mr. Grayson spoke during the discussion on how to improve NALU conventions.

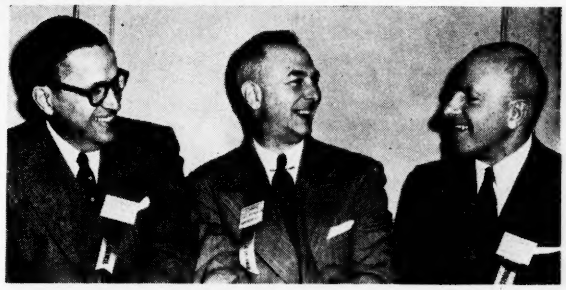
Another suggestion by Mr. Grayson was that another day should be added to the annual meeting or else two half-days, which would give time for more entertainment and hence make the conventions more attractive to visiting agents. He said they don't get much fun out of meetings the way they are currently set up.

This suggestion of more time for the agent at annual meetings was concurred in by Hunter Hammill, Phoenix Mutual Life, Philadelphia, and Mr. Brown.

Present and past chairmen of the state law and legislation committee of NALU at the midyear meeting in Columbus: Oren D. Pritchard (left) Union Central, Indianapolis, and Robert R. Reno, Jr., Equitable Society, Chicago.



At the NALU midyear meeting: Robert C. Gilmore, Jr., Mutual Benefit Life, Bridgeport, Conn., past president of NALU; George B. Byrnes, New England Mutual, New York City, MDRT chairman; W. D. Davidson, Equitable Society, Chicago, NALU trustee and MDRT executive committeeman.



Trio from Washington, D. C.: J. Hicks Baldwin (left) New England Mutual; Louis J. Grayson, Travelers, NALU trustee candidate; H. Cochran Fisher, Aetna Life, national committeeman.

Eastern Actuaries Discuss Special Policies

(CONTINUED FROM PAGE 1)

criminate against the buyer of $1,000 policies, Mr. Phillips pointed out that to ignore the fact that certain expenses depend only on the number of policies can be regarded as discrimination against the buyers of policies for larger amounts. He felt that the use of a policy fee to recognize certain per-policy expenses would not be suitable and that the use of special policies solves the problem.

J. T. Birkenshaw, Confederation Life, said his company has a special low-rate non-par policy with a $25,000 minimum. For policies under $2,500 the company charges an extra of $3 per policy. While this $3 extra was not popular with the field force originally, it made it possible for the premium rates for larger policies to be more competitive and resulted in the representatives "raising their sights" to larger policies.

D. M. Ellis, Canada Life, warned that there is a tendency to overestimate the effects of small average policies unless a complete breakdown of expense analysis is available.

Arthur Pedoe, Prudential of England, felt that some of the newspaper advertisements and articles in the press tended to give the public the wrong impression on the subject of policy expenses and the methods used to reflect them in premium rates.

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H. F. Rood, Lincoln National, mentioned the tendency to ask United States supervisory authorities to solve many problems when in fact they should be solved by the actuaries themselves.

Life companies are making rapid strides in the use of electronic computing and data processing equipment. Speakers from several of the large and medium-sized companies made confident and enthusiastic remarks that machines now available or about to be announced by various manufacturers would have significant effect on home office procedures in the very near future.

Although it is only three years ago that the Society of Actuaries received the first report from its committee on new recording means and computing devices, M. E. Davis, Metropolitan Life, chairman of the committee, informed the actuaries that any misgivings as to accuracy and dependability of the new type of equipment had all but disappeared completely. The Metropolitan installed a Remington Rand Univac about 10 months ago and has yet to find that the central unit (the "brain" of the computer) has made a single error traceable to the machine itself. This experience covered computations and processing involving 20 million policies with machine utilization on a 2-shift basis per day, eight hours to the shift.

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Peripheral or auxiliary equipment such as high speed printers are proving to be equally as accurate. Mr. Davis reported that on the high speed printer used in his company, printing from magnetic tapes as a source is being done at the rate of 600 lines per minute. In more than 50,000 lines an error of only one character in one line has been detected up to the present time.

A significant development expressed by several speakers was the tremendous progress made in reducing the time consumed by the preliminary work of programming (i.e. preparing the instructions for the machine) for any particular function to be performed. This observation was of great importance to companies having little experience to date. Many of the larger companies have staffs of three to 10 or more persons, usually actuaries, accountants, methods analysts and machine technicians, devoting full time to the problems of electronic operations preliminary to reaching a decision on the type of machine to be procured, what functions should be converted to the new equipment, and the manner in which conversion should be made.

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M. R. Cueto, New York Life, stated that among the significant developments in the equipment in the past year have been the advancement of the high speed printer, the adoption of magnetic cores as satisfactory storage media as contrasted to electrostatic storage, acoustic delay lines and magnetic drums, and the use of units permitting simultaneous reading, writing and computing.

J. T. Phillips, New York Life, speaking especially to representatives of smaller companies, stressed the adaptability of presently available electronic equipment such as the IBM 604 and 607 to many of the operations still being done by less efficient methods.

J. W. Ritchie, Sun Life of Canada, pointed out that a company considering entry into the field of large-scale electronic computers should not overlook the question of obsolescence. He stated that on the basis of cost studies made by his own company, a Canadian company could expect to find the critical volume of business in force in the matter of showing savings from the use of a large-scale electronic computer would be higher than for a United States company, the reason being that the equipment might have to be imported with import duty payable and that the operating costs might be higher in Canada. He also observed that experience indicates that the effective computing time for large-scale computers varies considerably with the quality of maintenance and that the problem of engineers and technicians might be an important factor, especially in times of war.

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H. F. Rood, Lincoln National, commented that one of the cost savings in the adoption of large-scale electronic systems is the elimination of many files. He suggested that many of these might be eliminated even without the new program.

D. H. Harris, Equitable Society, said his company had decided to make a series of conversions, each involving the mechanization and consolidation of a related group of functions. In this manner it is expected that the transition would be less difficult and the impact upon many areas of the company less severe than if large-scale conversion to the largest machine were attempted at this time.

R. D. Acker, Meropolitan Life, speaking on the experience of his company with actuarial and related operations on Univac, stated that in many instances the time consumed by programmers in preparing instruction for the machine had been reduced by over 50% and that greater reductions were anticipated as greater skill was attained and a "library" of programs became available.

J. S. Hill, Minnesota Mutual; S. Hastings, Mutual of New York; A. L. Wright, Manufacturers; F. Reich, Equitable Society and J. M. Boermeester, John Hancock, reported on various

phases of the use of electronic equipment stressing various subjects ranging from the organization of an association for the purpose of pooling information in a local area to the use of such equipment in various lines of insurance in some of the larger companies.

M. A. Linton, Provident Mutual, felt that the determination of the proper level of social security benefits is very difficult, stating that the point at which the line is drawn is largely subjective and whether or not there should be level or graded benefits is largely academic. He expressed concern on the overlapping of OASI benefits and old age assistance benefits provided by the states. He gave a number of states in which a good proportion of those receiving old age assistance benefits are also receiving OASI benefits, pointing out that the federal government shares four-fifths of the cost of the state benefits. Mr. Linton stated that he felt these benefits should be on a 50-50 basis although some difficulty will be encountered in bringing this about.

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R. J. Meyers, social security administration, spoke on the trends to the present benefit levels of OASI and the reasons underlying them, mentioning that since the legislation was enacted in 1935 there have been five different benefit formulas. He stated that it is generally agreed that benefit amounts cannot remain static if wages and prices rise, but that there is a question whether benefit levels should parallel prices or whether they should parallel wages and thus the standard of living. He thought there are good arguments for both points of view. Mr. Meyers stated that although there has been a substantial increase in benefits under OASI over the years the relative benefit level based on median wages was little, if at all, affected by the 1950 and 1952 amendments whereas in the 1954 amendments, relative benefit levels were definitely and substantially increased to about 33% of wage, or by approximately 10%.

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G. L. Holmes, Manufacturers Life, opined that the natural place for benefits governed by means or needs tests was with charitable organizations, while the natural place for flat rate benefits was with government. Mr. Holmes referred to the Canadian government annuities act of 1908 and the problems it had created for the industry in the last 20 years, namely, the struggle to keep down the subsidy, the maximum amounts permitted and the prevention of the transfer of large blocks of business to the government. With respect to the criteria that should be used in the determination of benefit levels, Mr. Holmes outlined these used in Canada in determining governmental benefits. He stated that the Canadian benefits are on a pay-as-you go basis, the funds arising from 2% taxes on both personal and corporate income as well as a 2% sales tax, and that any rise in the present level of benefits would naturally bring about a rise in the tax rates.

J. H. Miller, Monarch Life, stated that the 1954 amendments to OASI represented a substantial breakthrough and that the most important single item in the social security structure is the wage base.

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P. Freedman, social security department, United Automobile Workers, CIO, discussed the problems in connection with the financing of health programs. He stated that the UAW does not believe in the deductible provision.

M. Gelles, New York Life, stated that there were two broad areas for the concern of government in health insurance, (1) aid in making hospital and other health facilities available to people who cannot afford to provide for themselves, and (2) aid in the establishment and support of certain facilities and services, such as hospitals, medical and nursing schools.

In referring to agencies other than insurance companies that are promoting multiple-coverage joint programs in the pension field, R. M. Peterson, Equitable Society, expressed a strong opinion that such agencies should be regulated in a manner similar to insurance companies.

H. R. Lawson, National Life of Canada, spoke on the subject of the large amounts of savings that are being accumulated under the many benefit and pension plans as well as insurance funds and the effect that such large funds tend to become larger by reason of a drop in the interest rate, which in turn would tend to cause the rate to fall lower.

J. H. Smith, Equitable Society, referred to an idealized type of plan that had been discussed by Mr. Freedman and suggested that it would not work in all areas.

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R. A. Hohaus, Metropolitan Life, said he never expected to see an exact formula for the level of OASI benefits.

There was considerable discussion of the difficulty which companies encounter both in the United States and Canada in securing approval of annuity tables with built-in mortality improvement factors. The problems in Canada were discussed by Robert Humphrys, Canadian insurance department, and E. D. Gibb, North American Life of Toronto. In Canada no specific rules have been established as requirements which must be met by all companies. L. H. McVity, Equitable Society, stated that the New York department requires proof that reserves on the new basis are at least equal to those computed on the 1937 standard annuity table and 3% interest. Mr. McVity stressed that this is a burdensome requirement and urged that the companies take steps to have a modern table approved for valuation purposes.

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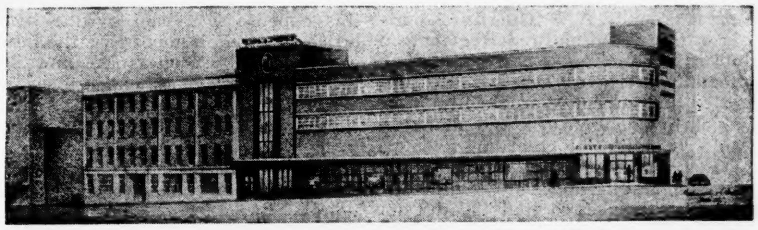
Much opposition to present statutory requirements for premium deficiency reserves was expressed, particularly by W. C. Brown, Colonial, George Davis, Life Insurance Assn. of America, J. E. Hoskins, Travelers, and G. L. Holmes, Manufacturers Life. The argument was made that these requirements are not in the public interest since they do not permit premiums to find their natural level. In some cases premiums may be set artifically high because of the deficiency reserve requirement.

Mr. Brown felt that the requirement contituted discrimination against the small stock companies. Mr. Davis argued that deficiency reserves could not be justified either on practical or theo-

Winners of five grand prizes in the "Chance of a Lifetime" contest conducted by Franklin Life the last four months of 1954 were drawn by Gov. Stratton of Illinois, left, assisted by President Chas. E. Becker. Fred Henry, LaFayette, Ga., won the top prize and along with his wife will receive a trip to Europe, including stops in London, Paris and Rome. Other winners were Mr. and Mrs. Wayne Hobson, Adair, Ia., a two-week cruise in the Caribbean; Mr. and Mrs. Rex M. Hodges, Columbus, Ga., an all-expense week at the Waldorf-Astoria in New York City; Mr. and Mrs. Howard L. Allen, Kansas City, an all-expense week at Los Angeles, and Mr. & Mrs. Jack G. Surles, Lake Charles, La., an all-expense week in Chicago.

More than $150 million of new paid business was produced during the contest.



Above is an architect's drawing of Union Mutual Life's new home office addition scheduled to be started in April at Congress and Temple streets in Portland, Me. The four-story building, containing 50,000 square feet of office space, will be 212 feet long and 50 to 70 feet deep. Exterior of the first two floors will be finished in polished granite and the two top floors in red brick. Completion is scheduled for the summer of 1956.

retical grounds. A. N. Guertin, American Life Convention, reported that an industry committee is now considering premium deficiency reserves. He suggested that the entire problem could be solved by adoption of a new mortality table reflecting the great improvement in mortality since the CSO table was adopted. G. H. Amerman, Continental American, suggested that the test for deficiency reserves be made on the CSO table without built-in loading.

Ralph Keffer, Aetna Life, gave the traditional reasons for the deficiency reserve requirement and indicated that the solution should be through a change in the reserve basis and not elimination of the deficiency reserve requirement. Mr. Hoskins felt that there would be no objection to the requirement if the company were allowed to use the highest rate of interest permitted in the statute to determine net premiums for comparison with the gross premiums.

Differences between the Canadian and U. S. annual statement forms for life companies were listed and discussed by Mr. Humphrys of the Canadian department, J. S. Thompson, Jr., New York Life, G.F.S. Clarke, Manufacturers Life, H. Bradshaw, Great-West Life, R. G. Espie, Aetna Life and W. H. Kelton, Travelers. It was stated that the principal variations arose from basic differences in insurance law or supervision, or differing characteristics of the business in the two countries. Thus, the Canadian statement requires a separation of funds between participating and non-participating business, and greater emphasis on currency exchange adjustments. Great uniformity exists, however, and a strong plea was made that the minor mechanical differences still remaining should be studied and eliminated as far as possible.

In discussing regulation 33 of the New York insurance department on classification of expenses, Mr. Espie pointed out that difficulties would arise for a company with general agents who in some cases paid expenses such as rent, while for other agencies this expense was paid by the home office. The requirement that the latter expense be classified as rent and then reclassified as agency expense seemed unnecessary.

George H. Davis, Life Insurance Assn. of America, criticized the provision of the New York law which makes it impossible to adapt the regulations to conform to changes in the official instructions for the NAIC statement blank except after a lag of one or two years.

A practical method of forecasting a life company's gross operating earnings for the current year was described by J. Barrett Walker, assistant actuary of Canada Life. He pointed out that there has been some controversy as to the value of such forecasts, but they can be useful in such areas as planning dividend changes, planning and budgeting for agency expansion, determining amounts that are likely to be available for special reserves, and using the estimates as a yardstick through the year to measure mortality, interest and expenses.

Mutual of New York Advances 2 Researchers

Mrs. Eleanor S. Daniel has been appointed director of economic research and L. Durward Badgley has been named director of real estate and mortgage research by Mutual Life of New York. The research division will continue as part of the executive department and be under the administration of J. McCall Hughes, vice-president and controller.

Mrs. Daniel has been with the research division since 1940 and recently has been research associate. Mr. Badgley joined the company as research associate in 1945.

Garber Goes to New Orleans

John W. Garber has been appointed manager of Life of Virginia's downtown district office in New Orleans. Until he became field training supervisor last year, he was in the Washington, D. C., office as agent, associate manager, and district supervisor.

Life of Ga. Issues Three New Contracts

Life of Georgia has introduced three new types of contracts, "A-Plus Plan" with a return of premium feature,. a special educational endowment in units of $500 and $1,000, and a cumulative accident protector offering non-cancellable accident coverage of $1,000 at 10 cents a week for any age up to 55.

The company has also revised its compensation system to integrate weekly premium and ordinary commissions. The same rate of first-year commission was established for both, which increased the first-year ordinary commission. The plan is composed of four parts with commissions for producing and servicing ordinary, collecting and servicing weekly premium, conserving weekly premium and producing weekly premium.

The A-plus plan is offered on both the ordinary basis, as a 20-pay life which becomes paid up for one and a half times its original face amount, and the weekly premium basis which is issued on two 20-pay plans, one which endows at 60 and the other at 65. The special educational endowment is an intermediate between weekly premium and ordinary, issued on a non-medical basis for ages 0 through 9 and endows at age 19. The cumulative accident protector plan grows in face value $100 each year for 10 years and becomes a $2,000 policy in 10 years. It is issued at ages 1 to 55 and is noncancellable until age 66. Issue is limited to one to a person.

Conn. Mutual Increases Limits on Standard

Connecticut Mutual has adopted a new table increasing limits for standard insurance on civilian lives, both male and female. The upward adjustment affects all policies except renewable term, with marked increases occurring in the schedule for life and endowment plans including graded premium ordinary life.

Largest increases are in the middle ranges of the table. Limits have been raised to $500,000, ages 25-50, compared with the previous maximum of $350,000, ages 25-45. The limit for ages 0 to 15 has been increased from $150,000 to $200,000, and at the other end the maximum is $100,000, ages 66-70.

Increases were also made for nonrenewable term plans, with a maximum of $250,000, ages 25 to 50. The limit for renewable term remains at $150,000, ages 20 to 55.

U. S. Life Pares Policy Minimum, Extends Rider

U. S. Life has reduced the minimum on its preferred whole life policy from $10,000 to $5,000 and extended the maximum term of its centennial income rider to 50 years or age 75.

The whole life policy, preferred as to cost and amount, carries substantial cash values, U. S. Life's seven settlement options, and can be sold substandard. The rider is offered with all basic plans and the five-year renewable term. As many as three different centennial income riders may be attached to one policy and, under certain conditions, it may be added to existing policies.

Atlantic Names Hunter

Atlantic Life has appointed C. Bruce Hunter general agent at Asheville, N. C. He entered the business in 1948 with Jefferson Standard Life and since 1952 has divided his time between that company and Bankers Life of Iowa.

Pa. Hospitalization Probe Asked

A resolution has been introduced in the Pennsylvania house that would authorize its insurance committee to probe hospitalization insurance in the state. The committee would be empowered to issue subpoenas and hold public hearings.

Ohio National Holding Regional Meeting Series

Ohio National Life is conducting a series of regional two-day meetings, the first having been held in Pasadena for approximately 40 representatives from Los Angeles and southern California. Other meetings are scheduled for Spokane, Denver, Omaha, St. Joseph, Mich., and Columbus in coming weeks.

Managers and general agents are helping to arrange the meetings and will participate in conducting them. M. R. Dodson, executive vice-president, and Grant Westgate, agency vice-president, will give talks on the company's operations and expanding opportunities for service and greater sales production in today's insurance market.

New Bureau Statistician

Bureau of A&H Underwriters has appointed David Robbins as statistician, a new position. He was analytical statistician with the army surgeon general's office since 1950. Prior to that he was with bureau of vital statistics and bureau of cancer control of New York state department of health.

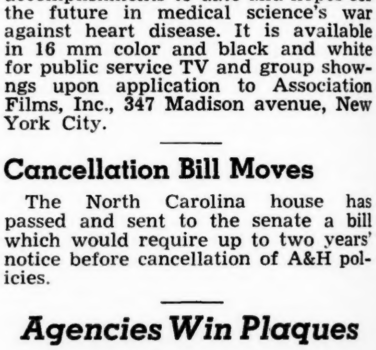
Heart Film Popular

Institute of Life Insurance reports its heart film, "A Matter of Time" is receiving nationwide acceptance by TV stations and community groups. Produced by the Institute for Life Insurance Medical Research Fund, the film is a 15-minute progress report of the accomplishments to date and hopes for the future in medical science's war against heart disease. It is available in 16 mm color and black and white for public service TV and group showings upon application to Association Films, Inc., 347 Madison avenue, New York City.

Cancellation Bill Moves

The North Carolina house has passed and sent to the senate a bill which would require up to two years' notice before cancellation of A&H policies.

Agencies Win Plaques



Samuel L. Zeigen, New York City, Thomas A. Galligher, Wilmington, Del., and Knox Turnbull, Charlottesville, Va., (left to right) were awarded agency plaques for excellence in persistency at Provident Mutual Life's general agents and managers dinner in Hollywood, Fla. J. Henry Hooper, Baltimore-Washington, was awarded a plaque in absentia. Agency Vice-president James H. Cowles presented awards to more than 50 general agents and managers for achievement during a recent sales celebration. A large cake, a replica of the home office, was given to President Thomas A. Bradshaw to mark the company's 90th anniversary.

Seek Double Liability Decision Reversal

(CONTINUED FROM PAGE 1)

amendments to the bankruptcy act in 1938 superseded the Supreme Court's decision in Frederick vs. Fidelity Mutual. The appeals court conceded that section 70 (d) (2) states that "a person indebted to the bankrupt or holding property of the bankrupt may, if acting in good faith, pay such indebtedness or deliver such property, or any part thereof, to the bankrupt or upon his order, with the same effect as if the bankruptcy were not pending."

The court of appeal ruled that under section 70(D)(4) transfers to bankrupt even though bona fide and without notice of bankruptcy are of no effect against the receiver or trustee "who is in possession of all or the greater portion of the nonexempt property of the bankrupt." The trustee in the Callis bankruptcy was in possession of the property before Mr. Callis made the request for loans on his policies.

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The companies' brief contends it could never have been the intention of the section 70 (d) to (1) place every payment made by an insurance company to every beneficiary or policyholder under a cloud of invalidity of unknown bankrupt proceedings (2) vitiate long established terms and conditions of standard insurance policies; (3) overrule Frederick vs. Fidelity Mutual Life and (4) amend sub-paragraph (5) of section 70 (a) all with no amendment to subsection (5) itself.

The brief also points out that "the decision is one of great public importance and has vast adverse practical effects on the operation of the life insurance industry and the rights and privileges of millions of policyholders as evidenced by the brief of the *amicus curiae*."

The *amicus curiae* brief emphasizes that "the public importance of getting the question in this case settled is made manifest by the fact that the decision of the court of appeals will entail hardships upon policyholders and beneficiaries of a nationwide business and will also place the life insurance industry itself in an unfortunate position," since companies would either have to delay payment pending possible bankruptcy proceedings or pay immediately, as they have done heretofore, and expose themselves to the hazard of double liability.

While the case has only to do with loan values "it is clear from the opinion of the court of appeals that the rule of the case will also apply to and cause delay in all other payments such as surrender values and death proceeds," the LIA brief states.

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"No full appreciation of what is at stake in this case can be had without a consideration of (a) the role of loans and cash surrender values in the welfare of the policyholders themselves and the importance to their dependents and other beneficiaries of continuing the companies' practices of immediate payment of policy proceeds, and (b) the volume of that part of the companies' operations which have to do with the payment of such loans, surrender values and proceeds," the brief states.

The brief goes on to stress the importance of promptness in making policy loans and paying other policy benefits as an emergency help to people which has come to be recognized as a public service, much of which would be lost if the long established system of prompt payments must now be disturbed.

The brief also cites the fact that in the fiscal year ended June 30, 1954, alone there were more than 53,000 bankruptcy filings and had 1954 been a less prosperous year these figures doubtless would have been much larger. For example, for the year ended June 30, 1935, they totaled almost 70,000. If companies are subject to double liability there would be a small chance of their recovering anything paid out to a bankrupt policyholder.

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Because of the nationwide scale of operation of most life companies, it would be extremely difficult for companies to check possible bankruptcies before making payments. There would also be the expense which would be borne by the policyholders in general and would be substantial. The LIA brief, however, states that "the resulting delay in payments, with consequent inconvenience to policyholders and beneficiaries when they may be in desperate need for funds, is the vital consideration involved in this case."

Require Data on Terminal Dividends, A&H Claims

(CONTINUED FROM PAGE 1)

still be listed individually, as in the past.

A special subcommittee, headed by Julius Sackman, head of the New York department life bureau, was appointed to study leasebacks of property owned for investment.

The committee's chairman, Superintendent Robinson of Ohio, is ill in the University hospital at Columbus and the committee adopted a resolution expressing regret at his absence and appreciation of his 30 years of service as head of the committee. Commissioner Wells of Indiana, vice-chairman, presided.

Kalmbach Decries Variable Annuities, 'Cost' Ads

(CONTINUED FROM PAGE 1)

icy years, only one year's premium after date of change. This premium may be paid at the time of change and become part of the change cost. Changes may be made after the 10th policy year without the requirement that any further premiums are payable. In the past, company consent has been required for any change where fewer than five premiums would be payable after the date of change to another plan.

An amendment has been prepared for retirement income policies to provide for commencement of income on any policy anniversary within five years either before or after the original maturity date. Income commencing before the original maturity date would be for the amount provided in the policy and would require payment to the company of a lump sum cost at the earlier maturity date. Income commencing on a deferred date would be for an increased amount, although no premiums would be required after the original maturity date.

The company will revise riders for family protection and mortgage retirement provisions to make 100% of the current amount of protection under the riders convertible within two years of issuance, 90% convertible in the third and fourth years, and 80% after the fourth. At present, term riders are convertible to permanent insurance attained age up to 75% of the current protection provided in the rider. If a provision for waiver of premiums in event of disability is attached to a policy which includes these decreasing term riders, the current waiver of premium benefit will be attached to the converted policy if the insured is not then disabled.

Mr. Kalmbach announced a renewal-leveling plan under which certain agents will be permitted to have renewal commissions under present or future agency contracts to be paid out on a level basis up to 180 months after retirement or death.

Return of policies to the home office before settlement of death claims and maturities no longer will be required. Policies must be returned when surrendered.

Mutual Benefit GAs Hear Officers, Panels at Annual

(CONTINUED FROM PAGE 3)

becomes successful.

In discussing management plans for the future, Mr. Palmer declared that both the general agents and the home office management staff have an obligation to approach the challenges of the era with open minds. He reviewed the company's progress to conclude his talk.

The meeting was also highlighted by three panels. With Charles G. Heitzeberg, 2nd vice-president and director of agencies, as chairman. The agency department members, Jack R. deWard, George B. Gordon, Gordon Hull, Thomas J. Munn, H. Douglas Palmer and H. Preston Smith, reported on new developments designed to assist the field.

Francis L. Merritt, director of training, conducted a session on selection service with William T. Earls of Cincinnati, John A. Erskine of Pittsburgh and Paul L. Guibord of Newark as panelists.

Participants in other panels included W. Oliver Cass of Indianapolis, Paul W. Cook of Chicago, Raleigh R. Stotz of Grand Rapids, Clay W. Hamlin Jr. of Buffalo, Meade J. McMillen of Richmond, and Earl G. Robbins of Lexington. Robert H. Stevens and W. E. Hintz, home office agency officers, presided at the sessions.

Richard E. Pille, vice-president in charge of agencies, reported recruiting results to the general agents in the closing summary of the meeting.

Trophies were presented agency and individual winners during the year. Paul L. Guibord & Associates, Newark, N. J. agency, received the top president's trophy. Another award, for recruiting new agents, was presented Mr. Guibord by Paul J. Quillin of Milwaukee, chairman of the recruiting committee.

The William T. Earls agency at Cincinnati received the new organization award which is based on outstanding recruiting and development of new men.

Runners-up for the president's trophy were Clay W. Hamlin Jr. agency of Buffalo, and Raleigh R. Stotz agency of Grand Rapids. Runners-up in the new organization contest were Laurance W. McDougall agency of Cleveland, the C. Carney Smith agency in Washington, D. C., and Murrell Brothers agency in San Francisco.

Quality business was recognized by the presentation of the Jones and Trimble awards for persistency of business. Gilbert F. Dittmer's Toledo agency received the James R. Trimble award. The Providence agency of Robert E. Olmsted received the Harry W. Jones award and was runner-up for the Trimble award. The C. Carroll Otto agency in Detroit was runner-up for the Jones award.

Edward L. Reiley, Philadelphia, received the award for the best agency bulletin.

The Cleveland, Manchester and Jackson agencies were winners of the awards given by Chairman W. Paul Stillman for quality business written during the October sales campaign. The Cleveland agency also received an award for submitting the highest volume of business during the campaign.

Awards were also presented agencies which submitted the highest percentage of business over their quotas during the campaign, Murrell Brothers agency in San Francisco, W. Oliver Cass agency in Indianapolis, and Kenneth P. Lord Jr., agency in Maine.

Bringing the agents up to date on company underwriting developments, Vice-President William F. Ward explained the liberalized military underwriting rules and said the company would like to see the need for any special restrictions in this field abolished, but that it couldn't be done so long as world conditions continue in their present state. He also discussed other underwriting procedures such as the non-medical privilege being extended to first line brokers and part-time agents who meet the qualifications.

Paul Revere Names Mock, Hawkes General Agents

Paul Revere and Massachusetts Protective have named Lee B. Mock and J. B. Hawkes general agents at Toledo and Atlanta, respectively.

Mr. Mock joined the company in 1952 as an agent at Columbus. Mr. Hawkes, who entered the business in 1931, has been a manager of State Farm for four years.

Allyn to Advise Conn.

W. Ellery Allyn, former insurance commissioner of Connecticut and past president of National Assn. of Insurance Commissioners, has been retained by the state comptroller of Connecticut, Fred R. Zeller, to advise on state insurance. Mr. Allyn has established an insurance advisory service in Hartford and will continue that operation in addition to his state duties.

Plan Management Course

A course in agency management approved by the board of Life Managers Assn. of Greater New York will be sponsored later this year by General Agents & Managers Conference of National Assn. of Life Underwriters.

Home Team Wins Titles

Home Life's basketball team won the New York City Industrial Recreation Federation championship but was eliminated in the federation's eastern district finals. Before winning the city federation title, Home Life won the New York Insurance League championship with 11 victories and one defeat.

Government Makes OASI Study

Actuarial Study No. 39, entitled *Long Range Cost Estimates for Old Age and Survivors Insurance 1954*, by Chief Actuary Robert J. Myers and Eugene A. Rasor, has been released by social security administration.

Mass. Mutual Group Meeting on Sales

Leland J. Kalmbach

Massachusetts Mutual Life's group sales conference was attended by field representatives, senior officers, and group department officials at the home office. Rauland C. Fischer of Chicago received the "group man of the year" plaque as the best all-around salesman. Charles G. Hill, 2nd vice-president, made the presentation.

Speaking at a dinner meeting, President Leland J. Kalmbach discussed the company's group operations. He said that last year group premium income was $24 million, a fifth of the premium income of ordinary. Group benefit payments to policyholders and their beneficiaries were $8.7 million, and at the end of the year the company had more than $567 million group in force with assets of $61.8 million.

Group sales are ahead for the first two months of 1955, he said, and he believes that the high volume of new business will continue throughout the year.

The emphasis of the conference was on sales and several agents gave brief presentations of sales methods they have found successful. Several skits illustrated specific approaches to frequently encountered sales problems. The film, "Creative Selling", was shown.

Mr. Fischer has received the group man of the year award twice in three years. He led the group sales force in group term and casualty premiums last year. He has been with the company since 1950. Earlier this year he was appointed district group manager at Chicago.

Group field committee members chosen for the current year are Bertram H. Shaughnessy of Los Angeles, chairman; Stanley W. Mack of Boston, and Mr. Fischer.

Two Iowa Bills Progress

DES MOINES,—The Iowa house passed a senate bill permitting life companies to invest in securities backed by the International Bank of Reconstruction and Finance. The bill now goes to the governor.

The senate passed and sent to the house a bill which will permit a minimum of four employes to take out group insurance. Under present law the minimum is 10 employes. The bill also eliminates a provision in the present law that the employer must pay a portion or all of the premium.

N. E. Mutual Appoints 2 General Agents, 3 General Agents Retire

New England Mutual has appointed M. Greely Summers Jr. and Harry W. Castleman general agents at Boston and Louisville, respectively, upon retirement of Merle G. Summers in Boston and Col. George M. Chescheir in Louisville. John T. Shirley has retired as Pittsburgh general agent.

Mr. Summers, who joined the company as an agent in 1946, took charge of the office on April 1, the day his father retired. He became a supervisor in 1952, and is a CLU. The elder Summers, Boston general agent for 34 years, has sold more life than any other man in the company.

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Mr. Castleman, a life and qualifying member of Million Dollar Round Table, joined the company in 1937. He is a CLU, and an officer of the Louisville Life Underwriters Assn. Col. Chescheir joined the company 33 years ago and has been general agent for 21.

Mr. Shirley entered the business in 1911 as a Harrisburg agent of Equitable Society, and later became manager for Connecticut General Life. He was appointed general agent at Pittsburgh in 1928, and his agency won the president's trophy for excellence in 1952.

Names Gillingham at S. F.

Howard H. Gillingham has been appointed associate general agent of the Hackman-Feustel agency of Lincoln National Life at Los Angeles. He started in the business in 1949.

Only One TIAA Man Seeks Bill

George E. Johnson, vice-president and general counsel, is the only officer of Teachers Insurance & Annuity Assn. and College Retirement Equities Fund who is connected in any way with the proposed Variable Life Income Corp. of America. An item in the Mar. 4 issue of NATIONAL UNDERWRITER said a group of insurance men, some of whom are connected with TIAA and CREF, are interested in a bill pending in New York legislature that would permit incorporation of Variable Life Income Corp. of America.

Correction on Independent Life

Increase in insurance in force for Independent Life of Baltimore in 1954 was $393,972 and not the $66,439 figure that was shown in the tabulation in the March 11 issue.

Speakers and moderator at NALU-LUTC luncheon during National Assn. of Life Underwriters midyear meeting at Columbus: from left, Vernon White, Northwestern Mutual Life, Albuquerque, who talked on LUTC courses; Charles N. Barton, Union Central, New York City, who discussed the campus marketing courses; Howard V. Krick, Penn Mutual, New Haven, Conn., who acted as moderator; and George Neitlich, Metropolitan Life, Dorchester, Mass., who dealt with CLU educational facilities. All the talks were recorded and pictures were taken for use in a film-strip that NALU will make available to local associations. A question-and-answer period followed the talks.

Late News Bulletins . . .

(CONTINUED FROM PAGE 1)

are the company's chief officers, the power to veto any proposal to move the company or to enter into any merger or consolidation which would effect a change of the base of operations. Midland National has nearly $107 million of insurance in force and operates in 15 states and Alaska. It has more than $118 in assets for every $100 of liabilities.

Douglas E. Higginbotham, who has been superintendent of agencies in the southwest division, has been named superintendent of home office operations. Other officers will continue.

Mr. Murchison and his associates recently purchased controlling interest in Investors Diversified Services, Minneapolis investment firm, from Robert R. Young, New York Central railroad magnate. Mr. Murchison and his two sons have been interested in the insurance field for a number of years, and own the Atlantic Life and Lamar Life. Other Murchison holdings include the Trans-Canada Pipe Lines, Ltd., West Coast Steam Ship Co., part of the Transcontinental Bus System, Martha Washington Candy, drive-in theaters, tourist courts, Henry Holt & Co., book publishers, and *Field & Stream* magazine. Murchison, whose home is in Dallas, also has extensive holdngs in oil, gas and cattle ranches in Texas and Mexico.

Saperstein Ducks Some of Probers' Queries

WASHINGTON—Louis B. Saperstein, Newark insurance broker, testifying in Sen. Douglas' subcommittee hearing on welfare fund racketeering, answered some questions but ducked others on the ground that they might tend to incriminate him. He told how California Life took over the group policy on the laundryworkers international union after Security Mutual Life of Binghamton, N. Y., had had it for only a year. He said he had control of the laundryworkers social securty department. He said that Haines B. Wickes, former vice-president of Security Mutual, had arranged the contract with California Life. However, he denied that this was done because Security Mutual was going to stop paying $2,500 a month to the laundryworkers social security department. Mr. Saperstein told how a group that included himself and Mr. Wickes acquired control of California Life. He said Mr. Wickes suggested the laundryworkers' business might be switched to that company after the New York department had disapproved the 10% commission Mr. Saperstein had been getting from Security Mutual.

Little Rock General Agents & Managers Elect

Little Rock General Agents & Managers Assn. this week elected James B. Gates, Penn Mutual Life, president. Charles Ellis, Metropolitan Life, was elected vice-president and Philip Balest, American United Life, was named secretary-treasurer.

First 'Run' of New DITC Set for April 7-June 9

The first "run" of the International Assn. of A&H Underwriters new Disability Insurance Training Council course will be sponsored April 7-June 9 at Butler University, Indianapolis, by the Indianapolis A & H association under direction of Walter Dotterweick, head of the insurance curriculum at the school.

Following the pattern evolved by the new Disability Insurance Training Council from 3½ years of experience with the old DISC, the Butler school will meet one night a week, two hours a night, for 10 weeks. Instructor will be William Highfield of R & R. In 1953, Indianapolis was the first association to run a DISC school on a 10-week basis under joint sponsorship with Indianapolis Life Underwriters Assn.

DITC is being set up as a separate corporation by IAAHU and will have its own, full-time director. John Galloway, Provident L. & A., Birmingham, former IAAHU president, is interim director of DITC.

The University of Richmond, Richmond, Va., has announced a DISC school for April 18-20, sponsored by the Richmond association.

Pruitt Gets Lubbock Post

Washington National has appointed French S. Pruitt general agent at Lubbock, Tex. He entered insurance in 1951 as an agent in Dallas for Great National Life. He is a graduate of the Southern Methodist University institute.

L.&C. Men See Ike

W. R. Mann, Miami, J. P. Washington, Jonesboro, Ark., J. W. Murray, Bowling Green, Ky., and W. C. Grant, Columbus, Ga., leading manager, staff manager, agent and ordinary agent, respectively, saw President Eisenhower at the White House during Life & Casualty of Tennessee's four-day convention in Washington. President Guilford Dudley Jr. and Paul Mountcastle, chairman, accompanied them.

Franklin Names Singer

Martin B. Singer has been appointed regional manager in Fairfield county, Connecticut, for Franklin Life.

Martin B. Singer

Mr. Singer entered insurance in Fairfield county as an agent following service in world war II, serving with the Bridgeport office of Metropolitan. Since opening his own general insurance agency two years ago, he has been a member of the President's Club of Bankers National Life.

On N. E. Mutual Board

Richard P. Chapman, president and director of Merchants National Bank of Boston, has been elected a director of New England Mutual.

Pru Gets Chunk of Gibraltar

MINNEAPOLIS—A chunk of rock taken from Gibraltar will be displayed in the new regional head office building here of Prudential. It was presented by Percival A. North, British consul at St. Paul, to Orville E. Beal, Prudential vice-president in charge.